



ASX RELEASE

27 March, 2008

POMPANO PROJECT – PRODUCTION UPDATE WELL #1

Elixir Petroleum Limited (“Elixir”) is pleased to announce that the operator of the Pompano Project, AnaTexas Offshore Inc., has provided further information on the production performance of Well SL103229 #1 (“Well #1”).

Well #1 has been completed with a dual string completion, allowing two sand intervals to be produced simultaneously. The Operator commenced production from the 6,700A Sands and the B Sands on 9 March 2008 and has been monitoring initial production rates during the subsequent period of facilities commissioning.

Well #1 has stabilised over the last week at a rate of approximately 7 MMscf of gas per day, with an average of 9 barrels of condensate and 140 barrels of water per day. The operator continues to monitor the performance of Well #1 and may elect to increase the choke size in due course, which may result in a modest increase in the production rate.

Produced gas is being processed at the “A” Production Platform and is then exported and sold from the platform via the existing gas sales pipeline (see Schematic below). It is expected that sales proceeds will be received approximately two months following the relevant month of production.

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

“We are very pleased with the initial production performance from Well #1, which is in accordance with our pre-drill expectations. We look forward to being able to report in the coming weeks of further progress at Pompano with drilling activities on our second well nearing completion.”

Yours sincerely,

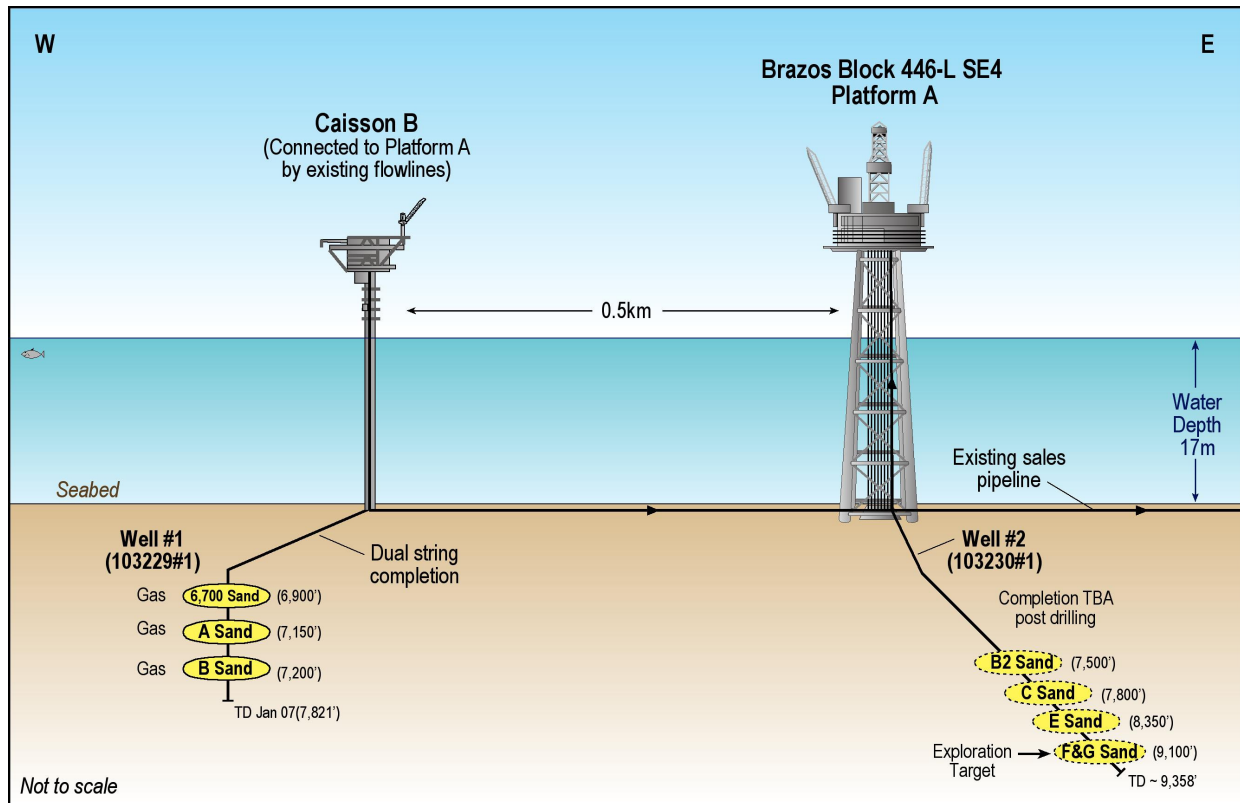
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Pompano Project – Background

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.



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 ("MD"). Well #1 intersected three gas bearing sands located between 6,700 feet and 7,426 feet MD which were successfully flow tested. Well #1 has been completed with a dual string completion with a dual zone completion on one of the strings enabling production from the A Sands in due course. Well #1 is now producing from the 6,700A Sands and the B Sands.

Well #2 spudded in late February 2008 and is being directionally drilled from the field's existing "A" Production Platform to 9,358 feet MD. Well #2 is targeting several sands which are anticipated to contain a combination of proved, probable and possible gas reserves.

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