ASX RELEASE

1 April, 2008

POMPANO PROJECT – OPERATIONAL UPDATE – WELL #2

Elixir Petroleum Limited ("Elixir") is pleased to provide an update on drilling operations on Well SL 103230 #1 ("Well #2") at the Pompano Gas Field at Brazos Block 446-L SE/4.

Since our last announcement, the operator of the Pompano Project, AnaTexas Offshore Inc, has advised that the 5 ½" drilling liner has been run and set in Well #2 at a depth of 8,627ft Measured Depth ("MD") and that the well has been subsequently drilled to a depth of 8,980ft MD in a 4 ½" hole size. The operator believes that we have now penetrated all of the target horizons and logging operations are presently underway in this final hole section.

Thus far Well #2 has encountered hydrocarbon bearing sands in the 6700, B, C and E sands. Once the F and G sands have been evaluated, a completion program will be developed, aimed at optimising production and recovery from the well.

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,

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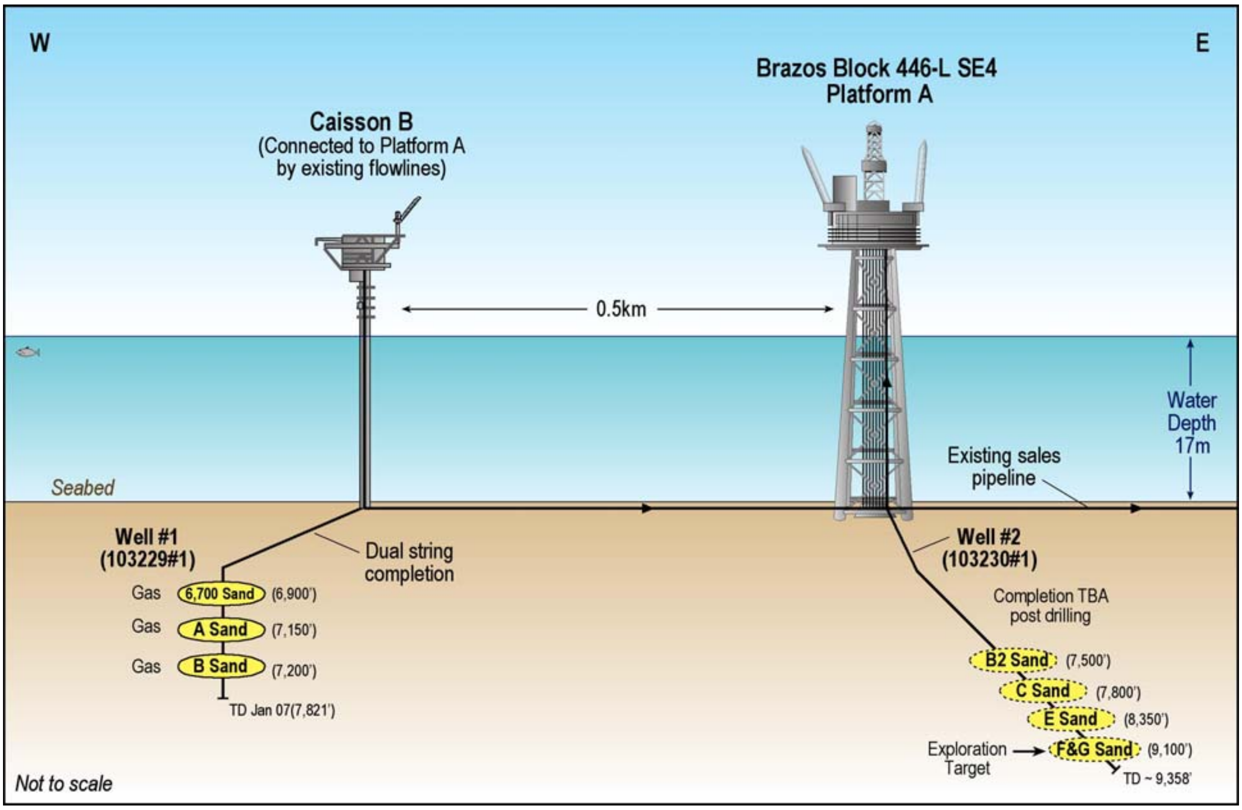
Pompano Project – Background

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. Well #1 intersected three gas bearing sands located between 6,700 feet and 7,426 feet measured depth which have been successfully flow tested. Production commenced from this well on Sunday 9th March 2008 from the B and 6700A sands.

Well #2 spudded in late February 2008 and is being directionally drilled from the field's existing "A" Production Platform. 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.