ASX RELEASE

22 April, 2008

POMPANO PROJECT – OPERATIONAL UPDATE – WELL #2

Elixir Petroleum Limited ("Elixir"), the international oil and gas exploration and production company (ASX:EXR, AIM:ELP), is pleased to provide an update on completion operations on Well SL 103230 #1 ("Well #2") at the Pompano Gas Field, offshore the Texas Gulf Coast.

Since our last announcement, there have been some minor delays due to weather, but the operator has advised that the perforation and testing of the completed zones in Well #2 is presently underway, and on a trouble free basis, should be finalised within the next 48 hours. Elixir will provide a further update when the testing of these zones has been completed.

The dual string completion being utilised in Well #2 is configured to allow concurrent production from the E sand and the B sand. It is expected that Well #2 will be placed on production towards the end of April.

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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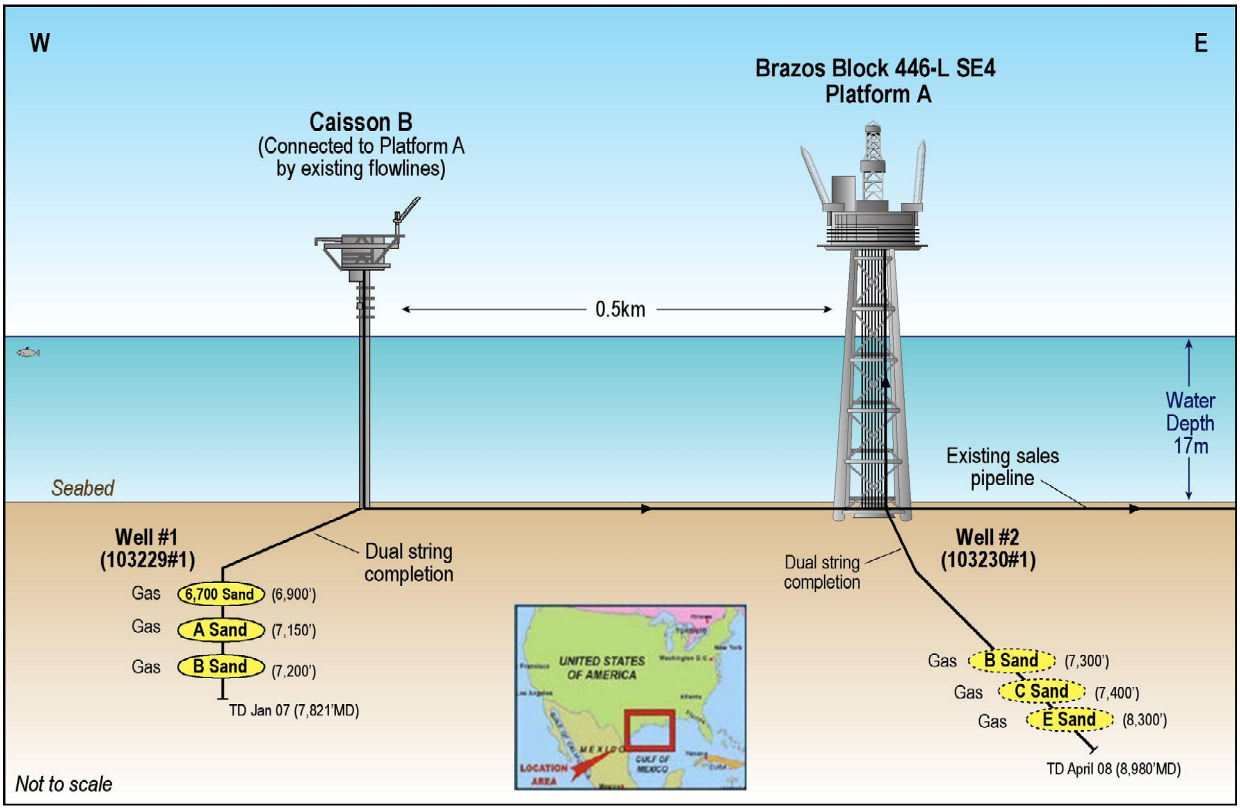
Pompano Project – Background

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 were successfully flow tested. Production commenced from this well in early March 2008 from the B and 6700A sands.

Well #2 spudded in late February 2008 and was directionally drilled from the field's existing "A" Production Platform. Well #2 encountered a number of gas bearing sands and is being completed over the B and E sands.

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