



14 April 2021

OPERATIONS UPDATE

HIGHLIGHTs

- Yangir-2 well measures sales gas specification natural gas
- Exploration wells in 2 new sub-basins due to spud later this month – second rig added
- Elixir’s largest seismic acquisition program to date has commenced
- COVID limitations being managed

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to provide an operations update on the current exploration/appraisal program underway across its 100% owned Nomgon IX Coal Bed Methane (CBM) Production Sharing Contract (PSC).

The first well in the 2021 drilling program, Yangir-2, has just been finished¹. The Yangir depocenter has to date proven to be highly fractured and hosting of gaseous rocks, which is encouraging for permeability and gas content respectively, but has made for more complex drilling operations.

The desorbed gas was chromatographically analysed and contained 99% natural gas (i.e. methane). This gas composition is essentially of sales gas specification, which means no additional processing would be required to sell it into a third party pipeline.

The well reached a total depth of 578 metres and in the first 300 metres logged 17 metres of coal (logging beyond 300 metres was not feasible due to hole conditions).

Nine coal samples from 288 to 301 metres were placed in the desorption laboratory and these recorded raw gas contents ranging from 4.2 to 7.0 m³/tonne (average 5.3m³/tonne). Dry Ash Free (DAF) figures will be reported in due course once laboratory tests are finalized. These raw gas figures are similar to those measured in the Nomgon sub-basin.

Three Injectivity Fall Off Tests (IFOT) were conducted in the well, however, because of the highly fractured nature of the coal and surrounding lithologies, no interpretations were possible. Very high fracture permeability was inferred from this, but not proven.

¹ Yangir-2 is one of thirteen exploration/appraisal unconventional gas wells (excluding production test wells) Elixir will drill in the PSC in the course of 2021. As such its results are not material for the purposes of ASX Listing Rule 5.30.

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Analysis of the results of Yangir 2 will be completed before planning the next appraisal steps in what appears to be a highly gaseous but structurally complex depocentre.

The ErdeneDrilling LLC rig which drilled Yangir-2 now moves some 60 kilometres to the East to the Temee 1S well, where the target is coals interpreted from previously recorded/interpreted 2D seismic amplitudes.

Another drilling rig, from a second Mongolian drilling contractor called Top Diamond Drilling LLC, will move to the Cracker-1S well location in the next few weeks, targeting another new depocenter in the North-West of the PSC.

The Company's 2021 2D Seismic Program has also just commenced. It comprises 220 kilometres of 2D seismic – the largest Elixir has undertaken to date. Multiple depocentres are targeted, both new and as follow-ons to the seismic work in previous years.



The MicroSeismic team mobilises in the field

Ongoing community transmission of COVID-19 in Mongolia is currently being addressed by the Government through various measures such as lock-downs and strong border controls. To date, Elixir and its sub-contractors have been working closely with various levels of Government to seek to work within these rules whilst still vigorously prosecuting its field program.

A suite of measures, including vaccinations for staff and contractors, strong isolation procedures in the field and full compliance with all Government directions, has been adopted. Although the future course of the pandemic is uncertain Elixir and its contractors have built maximum resilience to deal with the issues that might arise.



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Elixir's Managing Director, Mr Neil Young, said: "*Elixir's "rinse and repeat" model for the repeatable and low cost discovery and appraisal of gas on the Mongolian/Chinese border continues to successfully roll out in 2021. Especially pleasing recent news is the sales gas specification (and strong gas content) from Yangir-2 and the ability of our broad team to work through the current COVID related issues.*"

By authority of the Board:

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