



Elixir Energy

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ASX : EXR

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NOMGON CBM PROJECT FLOWS GAS & WATER TO SURFACE

HIGHLIGHTS

- Gas & water flowed to surface from Nomgon-6 well
- Data secured for long term pilot production program next year
- Richcairn-2S and Richcairn-3S intersect coals as planned
- Third rig spuds Richcairn West-1S well

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

Elixir has spent the past few weeks carrying out extensive testing work at the Nomgon 6 well. The key results of this can be summarized as follows:

- Fluids flowed to surface from four separately tested zones
- Measured the presence of methane from all zones with a hand held gas-meter
- Cumulative water production rate for the 4 zones was 280 barrels of water per day (BWPD)

The Nomgon 6 well was drilled to a total depth of 501 metres and intersected 84 metres of coal, of which 63 metres was in the primary objective “100 series” coal. Cores were taken and gas content and gas composition in the 100 series was consistent with prior wells in the area.

Four air-assisted drill stem tests (DSTs) were performed over the 100 series coal. Each DST consisted of an air assisted flow test (AAFT), a conventional in-flow test (CIT) and injectivity fall off test (IFOT). A cumulative stabilized water rate of 280 BWPD was recorded.

The presence of gas at surface was evidenced from a wellsite gas-meter, which recorded methane at concentrations of up to 25,000 ppm over a background of zero (uncalibrated¹).

Note 1: Although the gas-meter is regularly calibrated for methane and other gases, and there is no doubt about the presence of gas, the procedure for sampling the gas at the wellsite is not calibrated, and the results should be treated as qualitative only.

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Extensive water samples were obtained from the 100 series formation. Initial laboratory test results thereon indicate a brackish salinity level, similar to many producing fields around the world.

All work was safely, environmentally responsibly and effectively carried out by Elixir's combined team of Australians and Mongolians, in the field in the South Gobi with on-line support from Australia.

The extensive information gathered from this well will now feed directly into the planning for a long term pilot production testing program planned for 2022, which is currently underway. The Nomgon 6 well has been suspended and will be used as a monitoring well in that program.



Gas testing and water sample gathering at Nomgon 6

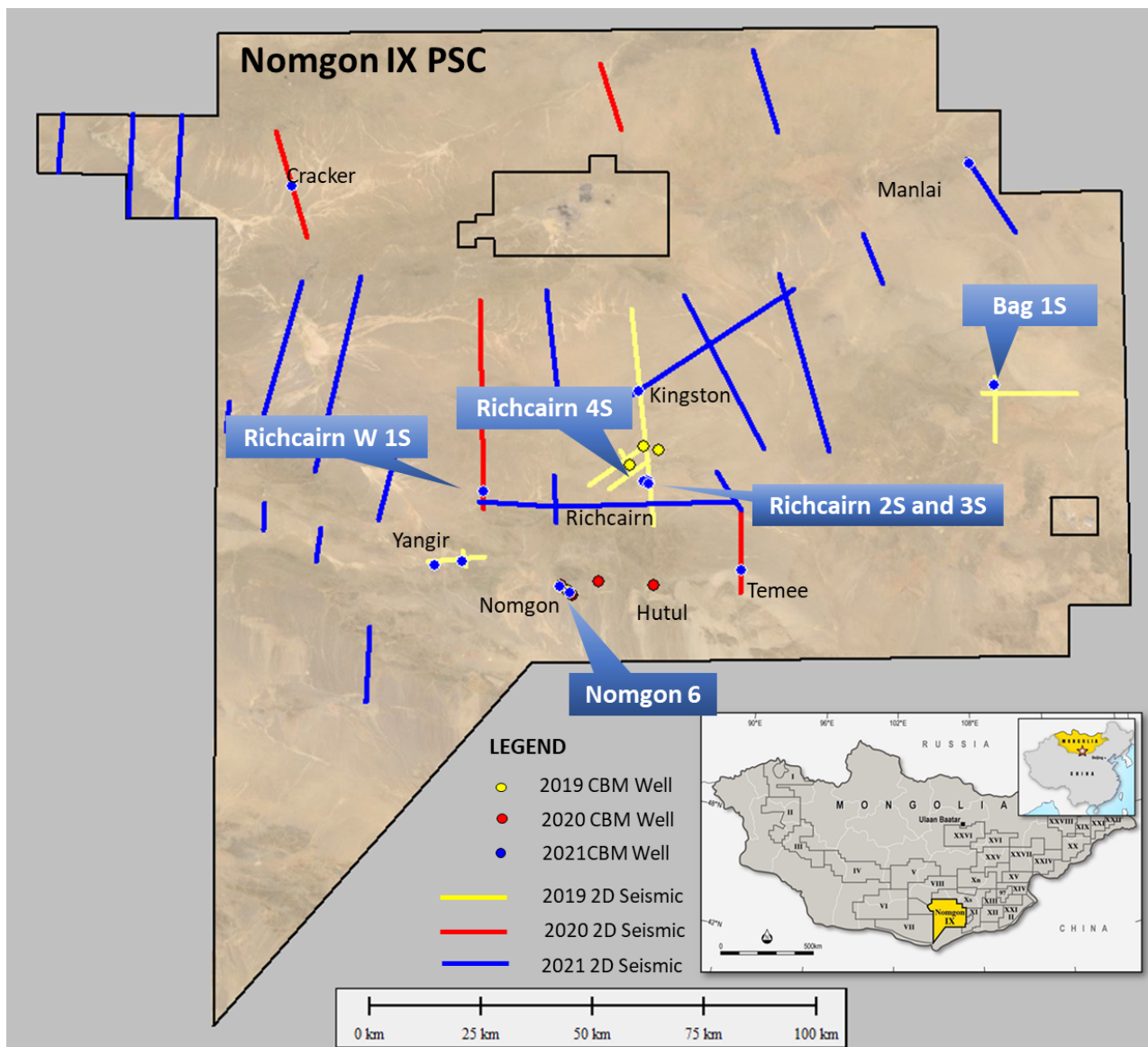
Exploration drilling in the recently discovered Richcairn sub-basin has been proceeding in parallel with the testing work at Nomgon and has delivered the following results:

- The Richcairn-2S well reached a depth of 801 metres and logged 8 metres of coal and 9 metres of highly carbonaceous mudstone (silty coal).
- This was followed by the Richcairn-3S well, which reached a depth of 800 metres and logged 13metres of coal from cores. The well TD'd in a coal section due the rig capacity of 800m being met.
- A core-hole will now be drilled at Richcairn (Richcairn 4) by the rig that has just drilled Nomgon-6.

The rig that drilled the three Richcairn wells is now mobilizing to drill the Bag-1S exploration well.

A third rig was recently mobilized into the PSC area (this was somewhat delayed by a COVID outbreak) and has now spudded the Richcairn West-1S well.

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The second stage of Elixir’s expanded 2021 2D seismic acquisition program is proceeding to plan, with 132 kilometres (44%) now acquired.

Elixir’s Managing Director, Mr Neil Young, said: *“The extensive suite of results we have obtained from Nomgon 6 are extremely promising and we now have all the necessary data to plan our first long term pilot production program for next year. This is the first time that Elixir has flowed gas to surface in a Mongolian CBM well and this early flow – and the high water flow rates – bode very well for the success of that program. Our team and our sub-contractors have done a fantastic job in undertaking the testing work notwithstanding the worst that distance and COVID has thrown at us. And in the meantime, our “rinse and repeat” program continues to deliver with more successful exploration wells at Richcairn.”*



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By authority of the Board:

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