



Elixir Energy

ASX ANNOUNCEMENT

ASX : EXR

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GOBI H2 PROJECT

HIGHLIGHTS

- Elixir executes MOU with Mongolia Green Finance Corporation to support project finance for a green hydrogen pilot – the first phase of its “Gobi H2” project
- Legal analysis delivered to Mongolian Government under MOU with Ministry of Energy
- Expert water advisory services procured and potential water sources for project identified
- Confirming bankability of renewable power inputs

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to announce progress on multiple fronts for its Mongolian based green hydrogen project. The Company has named this the “Gobi H2” project and is applying for a Mongolian trademark for the name.

Elixir’s hydrogen strategy rests on the view that the Gobi region of Mongolia is one of the best locations in the world for exporting green hydrogen, given its renewable resources and immediate proximity to likely hydrogen markets.

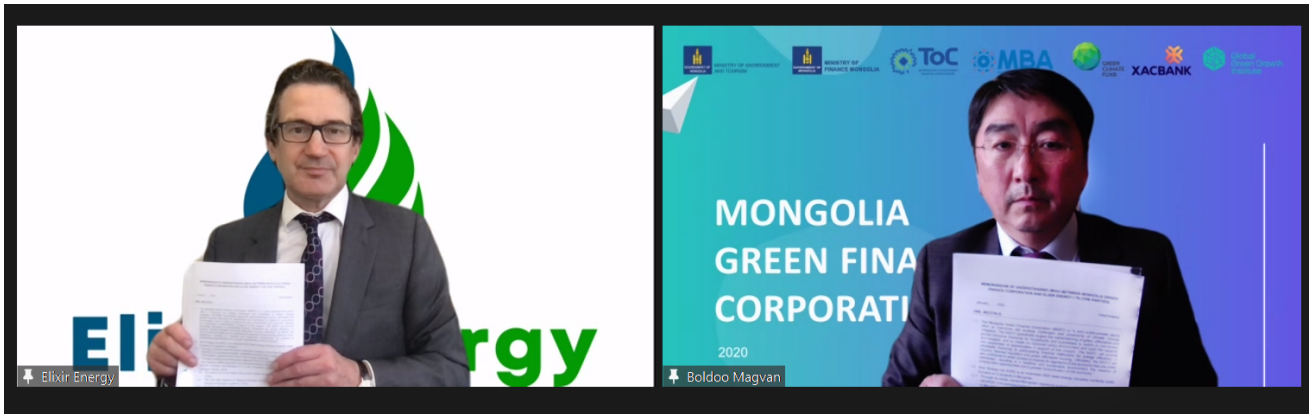
DEVELOPING PROJECT FINANCE OPTIONALITY

Elixir and the Mongolia Green Finance Corporation (MGFC) have just executed a Memorandum of Understanding under which the parties will cooperate on multiple fronts:

- Identifying Mongolian carbon offset opportunities at the household level. Elixir’s aim is to reduce its current exploration/appraisal stage scope 1 and 2 carbon emissions by such means.
- Developing larger scale forestry/nature related offsets in Mongolia. These are increasingly sought by international oil and gas companies to offset emissions in the production stage of operations.
- Working with International Financial Institutions (IFIs) over the project financing of Elixir’s proposed green hydrogen pilot production plant. A number of IFIs are present in Ulaanbaatar and Elixir has developed relationships with them.

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The MGFC is a joint public-private sector body established to facilitate the financing of Mongolian projects that will assist the global energy transition to a net zero carbon future.



Elixir's and MGFC's CEOs executing the MOU via Zoom

WORKING WITH GOVERNMENT AND OTHER KEY STAKEHOLDERS

As announced to the market on 14 October 2021, Elixir entered into a MOU with Mongolia's Ministry of Energy under which the parties would cooperate over various hydrogen related matters. A key initial deliverable under that MOU has just been provided by Elixir to the Ministry – a detailed analysis of the legal issues surrounding a potential green hydrogen project in Mongolia.

Firstly, the Company procured a baseline analysis of the green hydrogen legal environment in the mature jurisdiction of Western Australia from global experts PriceWaterhouse (PwC). The comparative position in Mongolia was then evaluated by leading Ulaanbaatar based law firm MahoneyLiotta (ML). The key conclusion of ML's analysis is:

"It is our view that in general the existing Mongolian legal regime supports the development of green hydrogen projects in Mongolia without the need for any major new legislation."

Copies of the legal reports have also been provided to:

- Various Ulaanbaatar based IFIs who have expressed interest in hydrogen projects in the country.
- The *Future Energy – Mongolian Hydrogen Council* (Elixir's Managing Director serves as the Deputy Chairman of this recently established body).

WATER – A KEY INPUT

Elixir has worked with Mongolian drilling company ErdeneDrilling LLC (Erdene) for a number of years on the CBM drilling front. Erdene is also one of Mongolia's leading water drilling companies and has therefore considerable expertise in the technical, legal, local stakeholder management and other practical aspects of procuring water for industrial purposes in the country.

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Although water is not a large part of the cost structures of producing green hydrogen, it is a vital input and the social issues surrounding it are a key priority for the Company. Elixir's CBM business, where producing water is a necessary part of gas production from coal seams, provides complementary areas of expertise and even potential H₂O feedstock for the Gobi H₂ project.

Elixir and Erdene have recently formalized their relationship over procuring water for hydrogen through an Agreement for the provision of water advisory services. The parties are currently planning field based water exploration and appraisal activities for later in the year.



ErdeneDrilling's water drilling operations in the Gobi region

RENEWABLE RESOURCES – CONFIRMING BANKABILITY

Other than water, the other key input for a green hydrogen project is high quality renewable power sources (which desktop analysis indicates are of globally very high quality in the Gobi region - see ASX announcement of 14 October 2021). On this front, Elixir is currently:

- Measuring wind and solar resources to a bankable standard through its Australian sourced SODAR unit imported to the country last year and deployed in the South Gobi region.
- Importing a solar focused measurement tool (from the same Australian firm who supplied the SODAR – Fulcrum3D) to be deployed at its recently acquired *Solar Ilch* solar farm.

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Elixir's SODAR deployed in the Gobi close to the main transmission line from China

Elixir's Managing Director, Mr Neil Young, said: *"All the work we are doing on our Gobi H2 project serves to reinforce our original starting concept: the country is a potential tier one location for large scale hydrogen exports. Elixir's first mover advantages are being progressively locked in and it is fantastic to see the rapidly growing interest in this future facing industry from multiple local and international stakeholders."*

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