



Elixir Energy

ESG Report

30 September 2022



Environment, Social and Governance (ESG)

Baseline Report

Elixir Energy Limited (ASX: EXR) (Elixir) is an ASX listed natural gas and green hydrogen exploration and development company operating in Mongolia and more recently in Australia. Its foundation activity in Mongolia has been exploring for natural gas in the form of coal-bed methane (CBM – known as coal seam gas -CSG -in Australia).

In the last year or so, Elixir has established the *Gobi H2* green hydrogen business in Mongolia, building upon its longstanding presence in the country. Finally, in recent months Elixir has acquired a new natural gas exploration/appraisal asset in Queensland, Australia.

Meeting Environment, Social and Governance (ESG) goals is important to support Elixir's strategic aims. From the start of 2021, Elixir started measuring its progress on meeting best practice on this important ESG front, which key stakeholders such as investors and Governments are increasingly demanding.

Elixir is pleased to announce that it has now set an ESG baseline and looks forward to continuing to share progress towards the 21 core disclosures provided by the World Economic Forum's Stakeholder Capitalism Metrics framework.

“An energy company like Elixir can only be successful if it meets the requirement of the multiple communities in which it operates – not only local peoples, but also key stakeholders such as current and putative investors. The ESG framework we have adopted provides a means to focus upon and measure this critical multi-community engagement process.” – Neil Young, Managing Director, Elixir Energy Ltd.

Governance
Governing Purpose
Setting Purpose
**Full Disclosure/
Reported**

Elixir Energy Limited (ASX: EXR) (Elixir) is an ASX listed gas exploration and development company. Its foundation venture has been an exploration and appraisal program in Mongolia targeting natural gas in the form of coal-bed methane (CBM – known as coal seam gas -CSG -in Australia). More recently, Elixir has been developing the *Gobi H2* green hydrogen project in Mongolia and in recent months has acquired a new natural gas exploration/appraisal asset in Queensland, Australia.

The Company’s strong foundation of multiple level Government and other energy stakeholder relationships in its natural gas business in Mongolia has been used as a platform to grow cleaner energy options involving hydrogen derived from renewables (green hydrogen).

Inherent in the pursuit of its strategy are the Company’s key values:

- To operate and conduct its business affairs with honesty and integrity.
- To operate with the safety of its staff and sub-contracted personnel foremost in mind.
- To improve and enhance the economic well-being and quality of life of the regions and communities in which it operates; and
- To communicate regularly and openly with the Company’s shareholders and stakeholders.

Corporate Governance Statement:

<https://elixirenergy.com.au/corporate-governance/>

Quality of Governing Body
**Governance Body
Composition**
**Full Disclosure/
Reported**

The principal business of the Company at present is gas exploration/appraisal in Mongolia and Australia and an emerging green hydrogen project in Mongolia. These require a skillset of geological and geophysical expertise, general energy industry knowledge, executive management, and financial and commercial skills and experience. A recent skills matrix was conducted clearly identifying the Board's ESG skills, competencies, and experience, which are complimentary to supporting the Company's principal energy activities.

Further information about the Board's competencies can be found in their bio's located on the Company’s website.

The Company has two independent non-executive Directors and one executive Director who have extensive commercial and financial expertise. It has one independent Director with deep oil and gas technical expertise, whilst one of the other independent Directors and the executive Director have reasonable technical knowledge. Each Board member individually has varying levels of senior management expertise. As and when the Company expands its business into other areas (e.g. natural gas development and

production operations) the Board will reconsider the required skills, experiences and knowledge of its Board members and make any changes that it considers necessary and appropriate.

Managing Director Neil Young is considered non independent due to his role as the Company’s Managing Director.

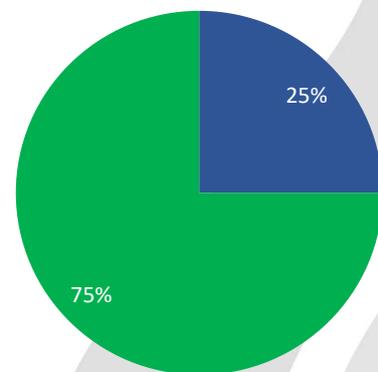
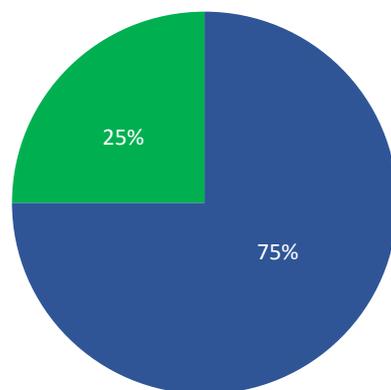
The Board believes the current composition of the Board provides an appropriate range of qualifications, skills, and expertise relevant to the Company’s operations and industry, and that the Board as a whole can competently deal with current and emerging business issues and effectively review and challenge the performance of Management. The Company has one female Board member and a female CFO/Company Secretary.

The Company currently only has one full-time employee in Australia, being the Managing Director, who is male. Consultants and contractors are utilised by the Company in carrying out its exploration and administrative activities, a number of whom are female.

Further, the Company’s Mongolian office consists entirely of local personnel with a balance of male and female employees. Overall, the Board is of the view that the Company’s Directors, management, and staff have appropriately diverse backgrounds.

The Company has no measurable objectives for achieving gender diversity. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

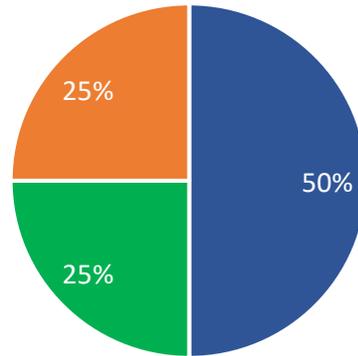
Board Gender Diversity breakdown:



■ Male % ■ Female %

■ Aged 30-50 ■ Aged over 50

Board Ethnic Origin breakdown:



■ Australia & New Zealand ■ Eastern Europe ■ Northern Europe

Richard Cottee - Appointed 29/04/2019
 Neil Young - Appointed 14/12/2018
 Stephen Kelemen - Appointed 06/05/2019
 Anna Sloboda - Appointed 01/10/2020

Director bio's: <https://elixirenergy.com.au/directors-2/>

Elixir's Corporate Governance Statement:
<https://elixirenergy.com.au/corporate-governance/>

Diversity Policy:
<https://elixirenergy.com.au/corporate-governance/>

Annual and Interim reports:
<https://elixirenergy.com.au/reports/>

Stakeholder Engagement

Material Issues Impacting Stakeholders Full Disclosure/Reported	<p>Dialogue with key stakeholders takes place at every level of the Company. The key stakeholders identified for ongoing consultation are:</p> <ul style="list-style-type: none"> - National and local government and individual departments: <ul style="list-style-type: none"> - Petroleum regulators - Environmental regulators - National Government - Regional Government - Local Councils - Local communities - Community agencies - Employees and Contractors - Potential investors, partners and customers
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Ongoing and regular consultation takes place with key stakeholders. Senior management engagement with stakeholders takes places at least bi-annually

and operational management engagement with stakeholders is on a weekly basis.

A mix of formal and informal consultation processes takes place. There are mandated formal meetings with government departments and private sector entities. Informal meeting processes take place with local communities and community representatives.

In the areas the Company operates it has engaged with community representatives to assist the company with maintaining constructive consultation and mediation. These relationships are critical in establishing and maintaining good relationships with local stakeholders.

Regular consultation with governmental regulators provides a current list of material issues and through these meetings, operational management can work with the governmental regulators to put in place mitigation measures.

Other material issues captured on a local level are managed on an ad hoc/sporadic basis. These material issues involve business activities and how these impact the local community. With the assistance of community representatives, who are employed from the local community, who speak the local languages and understand local customs, Elixir can maintain good relations with its community stakeholders whilst mitigating any potential conflict.

To ensure the Company maintains up to date knowledge on stakeholder material issues the Company prioritises maintaining open and accessible engagement opportunities with all stakeholders. For local representatives, regular community meetings, sponsorship of local events and engagement with the community on social media platforms has proven to be effective.

Ethical Behaviour

Elixir is committed to facilitating a culture of honest and ethical behaviour, corporate compliance, and good corporate governance. Elixir encourages the reporting of suspected unethical, illegal, corrupt, fraudulent, or undesirable conduct involving its business.

High standards of ethical behaviour and compliance with laws and regulations are essential to protecting the reputation and long-term success. Elixir is aware that any incident of Bribery or Corruption involving, or relating to, the Company could give rise to material adverse legal consequences and would cause damage to its reputation, impede business growth, and potentially affect the Company’s share price.

The Anti-Bribery and Corruption (ABC) Policy applies to Employees, Directors, Contractors, Consultants, Third Parties and Associated Persons in connection with Elixir’s business and operations. It is the responsibility of each Employee, Director, Contractor, and Consultant to be aware of and compliant with this Policy.

Anti-Corruption
Full Disclosure/
Reported

Any incidents in this area are reviewed at every Board meeting, with a minuted declaration at every board meeting to date that there haven't been any breaches and there have been no incidents of corruption to report.

All employees of the Company have been made aware of the organisation's anti-corruption policy and company code of conduct through employee onboarding procedures and the policy is reviewed along with other company policies on an annual basis.

Anti-Bribery and Corruption Policy:
<https://elixirenergy.com.au/corporate-governance/>

Mechanisms to protect ethical behaviour

Protected ethics advice and reporting mechanisms

Elixir is committed to facilitating a culture of honest and ethical behaviour, corporate compliance, and good corporate governance. Elixir encourages the reporting of suspected unethical, illegal, corrupt, fraudulent, or undesirable conduct involving Elixir's business.

Full Disclosure/ Reported

The Company's Whistleblower Policy is an important element in detecting corrupt, illegal, or other undesirable conduct at Elixir.

Creating a supportive environment where people feel safe to speak up underpins Elixir's culture. When people do not speak up, this undermines the culture and exposes Elixir to risks. Elixir encourages speaking up about concerns of wrongdoing at Elixir. There are various measures in place to ensure no one is discouraged from speaking up or disadvantaged or victimised for doing so.

This Policy covers the processes for dealing with disclosures made by employees and stakeholders of suspected improper conduct within Elixir in a confidential and secure manner and is intended to apply to whistleblowers in all countries in which Elixir operates.

The internal mechanisms for reporting and seeking advice are for the reporter to disclose their information to one of the stated Compliance Officers in the Whistleblower Policy or an "Officer" or "Senior Manager" of the Company.

If the reporter wanted to maintain anonymity they can disclose their information to ASIC, a Commonwealth Authority, and a lawyer. This includes seeking advice.

Further information can be found in the Whistleblower Policy:
<https://elixirenergy.com.au/corporate-governance/>

Risk and Opportunity Oversight

Integrating risk and opportunity into business process

By the very nature of the Company’s business in gas exploration and development it has a material exposure to environmental risks connected with its field activities and the markets in which it would seek to sell gas.

Full Disclosure/
Reported

The Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. The risk profile of the Company can be categorised as follows:

- Market-related
- Financial reporting
- Operational
- Environmental
- Political
- Strategic
- Technological
- Ethical conduct
- Economic cycle/marketing
- Reputation
- Legal and compliance.

Elixir formed a formal Board Risk Committee in June 2021. This separate Risk Committee has the role of assisting the Board in the effective discharge of its responsibilities for risks and internal controls. The Committee is also required to make recommendations to the Board on all matters within the Committee’s Charter. The role of the Risk Committee is formally set out in the Company’s Risk Committee Charter, which is reviewed annually.

As part of the Committee process, the different members bring their personal experience which has been key in identifying upcoming and emerging risks.

Climate Change is embedded into the risk assessment process. Elixir has always considered it vital to build a deeper social licence with stakeholders through various forms of investment and support. For example, as part of a new, President led program in Mongolia, earlier this year Elixir opened a tree plantation in the small Gobi town of Nomgon. The Mongolian Government strongly supports tree planting efforts as part of a broad program to fight desertification, mitigate carbon emissions, etc.

Key climate-related risks and opportunities relevant to the business include:

- The expected global transition to a lower carbon economy lies at the very heart of the Company’s business strategy – exploring for gas in a region currently dominated by coal use. Success in Elixir’s plans would see the

substitution of coal with gas, giving rise to material carbon emission reductions. The Company has recently supplemented its gas related activities in Mongolia with the green hydrogen Gobi H2 project.

- Physical impacts of climate change in the area in which we operate. More broadly, the impact of climate change, such as the possibility of more extreme weather events, is not significant for the Company's CSG exploration activities at present, as the Company is already operating in a fairly harsh environment. Furthermore, as the Company's projects are located in a fairly remote part of Mongolia social impacts are minimal.

Risks related to protecting the security and integrity of the Company's database of information, including personal data, have increased in recent times. Like most other entities, the Company conducts a significant amount of business online, including banking transactions and email correspondence. As such, it is exposed to risks of cyber-attacks, viruses spread on the internet, and targeted hacking of information technology systems. To date, the Company has not materially suffered from any of these types of attacks. The Company utilises anti-virus software and external information technology consultants to manage the majority of its IT risks. Data is backed up regularly and password use is enforced, both in Australia and Mongolia. The Board monitors IT risks on a continuous basis.



Planet
Climate Change

GHG Emissions
Partial
Disclosure/Reported

Elixir’s current primary environmental impact is caused by its natural gas exploration and appraisal operations in the South Gobi region of Mongolia.

The Company has put in place a process of working with its drilling contractors to measure diesel consumed in the course of its drilling operations. Although far less material, diesel used by the Company’s seismic contractor is also included. These are the primary sources of scope 1 and 2 emissions in Elixir’s activities at present.

Elixir has a thorough understanding of the GHG Protocol Accounting and Reporting Standard and has collated information required for the GHG emissions inventory. In recent years, these scope 1 and 2 emissions have been as noted below. Further investigation and data collation for Scope 3 will be considered once the Company commences product sales.

	Calendar 2020	Calendar 2021
Litres of diesel consumed	88,000	381,260
CO2 emissions	236 tonnes	3073 tonnes

Elixir has always considered it vital to build a deep social licence with stakeholders through various forms of investment and support. In addition to the tree-planting project and COVID support activities noted elsewhere in this report, Elixir regularly sponsors community events in the South Gobi region in which it operates.

Climate Change

TCFD
implementation
Explanation/
Reported

Elixir understand the Taskforce on Climate-related Financial Disclosures (TCFD) requirements and is currently reviewing what implementation means for the Company.

Nature Loss

Land use and
ecological sensitivity
Full Disclosure/
Reported

Elixir has a petroleum license in Mongolia and one in Australia – both over defined areas within which to explore, primarily regulated by petroleum and environmental regulators in each country. Regulators prescribe non-access areas, so licensed areas are by default not classified as Key Biodiversity Areas (KBAs). Elixir has to undertake heritage surveys of various types in both countries – primarily archaeological, cultural and environmental.

	<p>In Mongolia, every 5 years a Detailed Environmental Impact Assessment (DEIA) is conducted. Annual Environment Management plans are reviewed and an annual audit from the local government takes place. The company is also required to escrow funds each year in case environmental obligations are not met.</p>						
<p>Fresh Water Availability</p>							
<p>Water Consumption and withdrawal in water-stressed areas</p> <p>Full Disclosure/ Verified</p>	<p>Elixir’s exploration and appraisal activities consume water, largely through drilling processes (and to a lesser extent, water is also used in the camps for drillers and seismic crews).</p> <p>Water consumed in prior calendar years has been as follows:</p> <table border="1" data-bbox="480 730 1385 916"> <thead> <tr> <th data-bbox="480 730 780 819">Calendar 2019</th> <th data-bbox="780 730 1082 819">Calendar 2020</th> <th data-bbox="1082 730 1385 819">Calendar 2021</th> </tr> </thead> <tbody> <tr> <td data-bbox="480 819 780 916">688 tonnes</td> <td data-bbox="780 819 1082 916">1,627 tonnes</td> <td data-bbox="1082 819 1385 916">3,988 tonnes</td> </tr> </tbody> </table> <p>The Company currently only operates in the arid Gobi region in Southern Mongolia and water is therefore an important issue for local communities.</p> <p>Elixir and its sub-contractors follow a rigorous regulatory process in accessing local water supplies. This involves:</p> <p>The central administrative environmental body – the Ministry of Environment and Tourism – approving annual Environmental Management Plans based on the annual exploration plan and budget for key field activities such as drilling and seismic surveys.</p> <p>The regional administrative body known as South Gobi Aimag granting annual water use permits to Elixir’s local subsidiary.</p> <p>The Company’s sub-contractors obtaining permits from the smallest local Government administrative units known as Soums for the water sourced in their districts and used in operations.</p> <p>Elixir’s Mongolian subsidiary has hired independent environmental auditors as required by the Environmental laws and regulations, for auditing compliance with various environmental laws and regulations. The results of the audits have concluded that water usage has been responsible by the subcontractors. The Company will continue to hire independent environmental auditors every 2 years to monitor its responsible water usage in its exploration activities.</p> <p>As part of its community relations in the South Gobi region, Elixir has from time to time worked with its sub-contractors to fund and drill water wells at locations requested by local communities to be used thereafter for purposes such as watering animal herds.</p>	Calendar 2019	Calendar 2020	Calendar 2021	688 tonnes	1,627 tonnes	3,988 tonnes
Calendar 2019	Calendar 2020	Calendar 2021					
688 tonnes	1,627 tonnes	3,988 tonnes					



MD, Neil Young at the opening of the Elixir sponsored tree plantation in Mongolia. Golden Horde is the group's operating name in Mongolia.

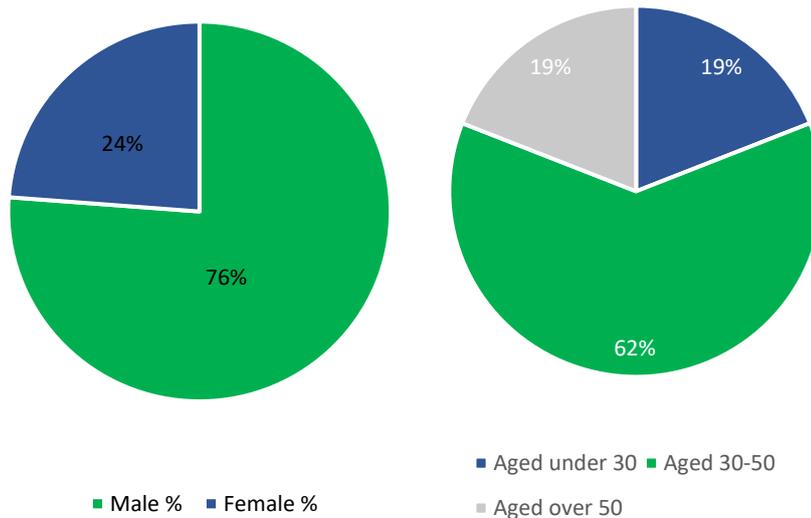
“Climate Change is embedded into our risk assessment process. Elixir has always considered it vital to build a deeper social licence with stakeholders through various forms of investment and support.” – Neil Young, Managing Director.

People
Dignity and Equality
Diversity and Inclusion
Full Disclosure/ Reported

Elixir is committed to a workplace culture that promotes the engagement of diverse, qualified, capable and motivated staff at all levels of the organisation in order to deliver enhanced corporate performance, reputation and shareholder value for the Company.

To commit to cultural diversity, and in an effort to attract the most talented people in their respective fields, Elixir seeks to employ staff locally in the countries in which it operates.

Elixir promotes an environment where staff can enjoy good working relationships with each other and across all levels of the organisation that is free of discrimination.

Mongolian Employee Diversity Breakdown:

Board Diversity (as above):

- 25% female and 75% male
- 25% aged 30- 50 & 75% aged over 50
- 62.5% Australia & New Zealand, 25% Eastern Europe, 12.5 Northern Europe

Elixir’s Diversity Policy applies to all Elixir officers, employees and contractors engaged in activities under Elixir’s control and at any and all Elixir locations. This policy requires the Company to:

- Recruit and retain people at every level of the organisation on the basis of their ability and performance regardless of factors such as age, cultural, ethnic or religious background, gender, nationality, physical ability or race.
- Never to accept any type of unlawful bullying, discrimination, harassment,

	<p>victimisation or vilification anywhere in the Elixir group.</p> <ul style="list-style-type: none"> • While retaining a merit-based culture for all employees across the organisation, a key focus is to seek and support, where possible, greater gender diversification in our operations and management. • To support staff in their professional development and life balance, and promotion within the organisation. • Regularly, to review pay equity to address any anomalies and any gender gaps. • To undertake and monitor all diversity initiatives and measure their progress and effectiveness at least annually. • To review this policy regularly and update it as required. <p>The Company has no measurable objectives for achieving gender diversity at this stage.</p> <p>Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.</p>
<p>Pay Equality Partial Disclosure/ Reported</p>	<p>The Board values diversity in all aspects of its business and is committed to recognising and utilising the contributions of all its employees and providing a working environment that is respectful and values equality. The Company appoints and employs personnel on the basis of ability and qualifications, irrespective of gender, age, ethnicity or cultural background. The Company opposes all forms of unlawful and unfair discrimination, and the Board encourages a culture that is inclusive and opposes discrimination, harassment or bullying in any form.</p> <p>The Company currently only has one full-time Australian employee, being the Managing Director, who is male. Consultants and contractors are utilised by the Company in carrying out its exploration and administrative activities, a number of whom are female. Further, the Company's Mongolian office consists entirely of local personnel, with a mix of male and female employees. Elixir ensures that the pay level is equal between male and female employees of similar qualifications and experience.</p> <p>One of the objectives in Elixir's Diversity Policy is to regularly review pay equity to address any anomalies and any gender pay gaps.</p>
<p>Wage Level Partial Disclosure/ Reported</p>	<p>Standard entry level wages for Elixir is not a relevant business concept given the specific nature of skills required for its energy businesses.</p> <p>Accordingly, measuring the Company's CEO's compensation against entry level wages does not provide any meaningful data.</p> <p>Remuneration of Elixir's key management personnel is disclosed in the annual report.</p>

Annual Report: https://elixirenergy.com.au/reports/	
Risk for incident of child, forced or compulsory labour	
<p>Child, forced or compulsory labour</p> <p style="text-align: center;">Partial Disclosure/Reported</p>	<p>Elixir Energy instils a culture of acting lawfully, ethically and responsibly. Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and are required to maintain a reputation of integrity on the part of both the Company and themselves.</p> <p>The Company does not contract with or otherwise engage any person or party where it considers integrity or the Company’s reputation may be compromised.</p> <p>An internal risk assessment has been conducted and Elixir is currently considered at low risk. Management is considering developing a formal Modern Slavery policy.</p>
Health and well-being	
<p>Health and Safety</p> <p style="text-align: center;">Full Disclosure/Reported</p>	<p>Elixir provides its employees with ongoing healthcare services and support with, for instance, ongoing health checks and flu immunisations. In recent years Elixir provided its employees and the local community with COVID Personal Protective Equipment (PPE) and medications.</p> <p>There have been no HSE incidents to report.</p>
Skills for the future	
<p>Training Provided</p> <p style="text-align: center;">Explanation/ Reported</p>	<p>Elixir provides its employees with ongoing training support, including ongoing mentoring and support that takes place in various disciplines. The Company’s experienced Australian consultants have been key in providing this ongoing support and mentoring to Mongolian employees.</p> <p>The support offered is not a formalised process, and the data to capture hours and cost is unavailable.</p>



Employment and wealth generation

Rate of employment Explanation/Reported	Elixir has a low rate of employment due to having only one Australian employee and around 12 employees in Mongolia. The Company primarily engages with local contractors to assist with its drilling program in Mongolia, for reasons of cost effectiveness as well as local regulatory directives which encourages this.
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Economic Contribution

Economic Contribution	No Government funding has been received by the Company in this financial reporting period.
Full Disclosure/Reported	See the Company's Quarterly Reports for the Consolidated Statement of Cash Flows which includes operating, investing, and financing activities. Financial Reports: https://elixirenergy.com.au/reports/

Financial Investment Contribution

Financial Investment Contribution	No dividends have been declared, provided for, or paid. Please see the financial reports for more information.
Full Disclosure/Reported	Financial Reports: https://elixirenergy.com.au/reports/

Innovation of better services and products

Total R&D Expenses Explanation/Reported	Elixir doesn't currently invest in R&D activities in Mongolia at this stage but will look to progress R&D should the opportunity arise. Financial Reports: https://elixirenergy.com.au/reports/
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Community and Social Vitality

Total tax paid	Please refer to the company's financial reports.
Full Disclosure/Reported	Financial Reports: https://elixirenergy.com.au/reports/





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