ASX ANNOUNCEMENT

ASX : **EXR**

29 April 2024

DAYDREAM-2 OPERATIONS UPDATE

HIGHLIGHTS

- Lorelle Sandstone successfully stimulated and cleaned up
- Computer models based on the data acquired during testing indicates the Lorelle Sandstone alone could produce a commercial flow rate[1]
- Contractor scheduling and other operational issues have led to a small delay in the rest of the program

Elixir Energy Limited ("Elixir" or the "Company") is pleased to provide an operations update on its 100% owned Grandis project located adjacent to the Wallumbilla gas hub in Queensland.

Following the recent successful free-flowing test on the Lorelle Sandstone, Elixir advises that this key formation has now been successfully stimulated. The zone was flowed back overnight to clean out the stage, and again flowed gas to surface with slugs of proppant debris and stimulation fluid as expected.

Gas flow from Stage 1 Lorelle Sandstone post stimulation

Data acquired during the Lorelle Sandstone flow periods has been used to predict the initial gas flow rate and ultimate recovery for each well from this lowermost zone. Elixir's technical and economic modelling[1] indicates the Lorelle Sandstone alone could produce a commercial flow rate of gas, with the breakeven commercial initial flowrate being estimated at 2.5 million cubic feet per day[1].

This commerciality threshold is strongly underpinned by the location of the Grandis Project only a few tens of kilometres from: gas pipeline infrastructure connecting to domestic and international gas markets; existing and proposed local gas-fired power stations; a commercial gas hub into which spot sales can be made at high gas prices; etc. Accordingly, plans for a staged development are already underway, including engaging with gas offtakers with interests in the region.

Since the stimulation and flow-back of the Lorelle Sandstone, Elixir has sustained a number of logistical and other operational delays. After successfully isolating the Lorelle Sandstone with a bridge plug to proceed with the next stimulation stage, the setting mechanism became lodged in the hole requiring remedial activity. This delay has resulted in the full stimulation program not being able to be completed before the hard deadline for certain equipment to leave the site to meet commitments with another operator.

Stimulation equipment on location at Daydream-2

Accordingly, Elixir has demobilized at Daydream-2 and will re-commence the stimulation program in a month or so. This will ensure that the program can be executed as planned and there are no negatives for the ultimate program except for this time delay. Negotiations with the relevant sub-contractors are in hand and a more precise timetable is expected to be finalized shortly.

Elixir's Managing Director, Mr Neil Young, said: *"Whilst the logistics and scheduling issues are frustrating, we are extremely encouraged by the results of the first stimulation stage. Given factors such as the highly favourable gas market location, our analysis indicates that this well can deliver commercial flows from the Lorelle Sandstone alone, with additional flows from the upper levels just adding to the economic returns. Albeit slightly delayed, the program is otherwise completely on track and we look forward to matching this early success with the additional 5 stages to be completed as soon as logistically possible."*

Note 1: Assumptions used in the development of the breakeven commercial flow rate are outlined in Appendix 1 of this release.

By authority of the Board:
Neil Young *- Managing Director*
Elixir Energy Ltd (ABN 51 108 230 995)
Level 3, 60 Hindmarsh Square
Adelaide SA 5000, Australia

For further information on Elixir Energy, please call us on +61 (8) 7079 5610, visit the Company's website at www.elixirenergy.com.au

Competent Person:

The technical information provided has been produced, supervised and reviewed in detail by Elixir's Competent Person, Mr Greg Channon. Mr Channon is a qualified geoscientist with over 35 years of oil and gas industry experience and is a member of the American Association of Petroleum Geologists and the South East Asian Exploration Society and is a graduate of the Australian Institute of Company Directors. He is qualified as a competent person in accordance with ASX listing rule 5.41. Mr Channon consents to the inclusion of the information in this report in the form and context in which it appears.

Reporting Standards:

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

APPENDIX 1: Assumptions for the determination of the breakeven commercial flow rate

Economic Model Used:	Deterministic discounted cashflow
Discount Rate:	10% Nominal
ATP2044:	100%, owned and operated. 1,000 km2
Gas resources produced:	Sourced solely from 2C contingent resources (unrisked) as per ASX announcement of 10 November 2022. No prospective resources assumed to be produced in the model. No reserves have been booked (as yet).
Breakeven Initial Rate:	2.5 million cubic feet per day averaged over 30 days
Predicted Ultimate Gas Recovery from each well:	3.0 billion cubic feet of gas over 30 years
Notional Development:	100 wells. Gas sold at field gate. Field gate prices exclude gas processing, gas compression and pipeline tariffs. Production commences in 2029.
Project Life:	40 years
Condensate Ratio	10 barrels per million cubic feet of gas
ORR of liquids:	3%
Gas Price:	A$10 per Gigajoule
Condensate Price:	Brent crude less US$6.00/barrel
CO2 Content:	1%
Well Capital Cost:	A$15.5 million drill, stimulate, complete and connect
Key Operating Costs:	Fixed – A$8.4 million per year Variable – A$1.02 per Gigajoule
Escalation:	Prices, Capital and Operating Costs escalated at 2.5% annually
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Listing Rule 5.27.5 Compliance Statement:

Elixir is forecasting financial information for contingent resources that have previously been assessed to be economically non-viable (ASX announcement of 10 November 2022) due to:

- The successful stabilised flow-rate achieved from the Lorelle Sandstone alone (ASX announcement of 5 April 2024).
- The successful stimulation undertaken on the Lorelle Sandstone (as per this ASX announcement).
- Technical and economic modelling which concludes the Lorelle Sandstone alone can flow at economic rates.
- Subsequent plans to stimulate and flow a further 5 zones above the Lorelle which should add to this, hence improving economics.
- The factors summarised in the table above, which have been peer reviewed by external technical and commercial experts from the oil and gas industry and which have been considered to be reasonable.