

# Exploring for gas in the Heart of Asia

## *Coal bed methane exploration proximate to China*



# Investment Highlights

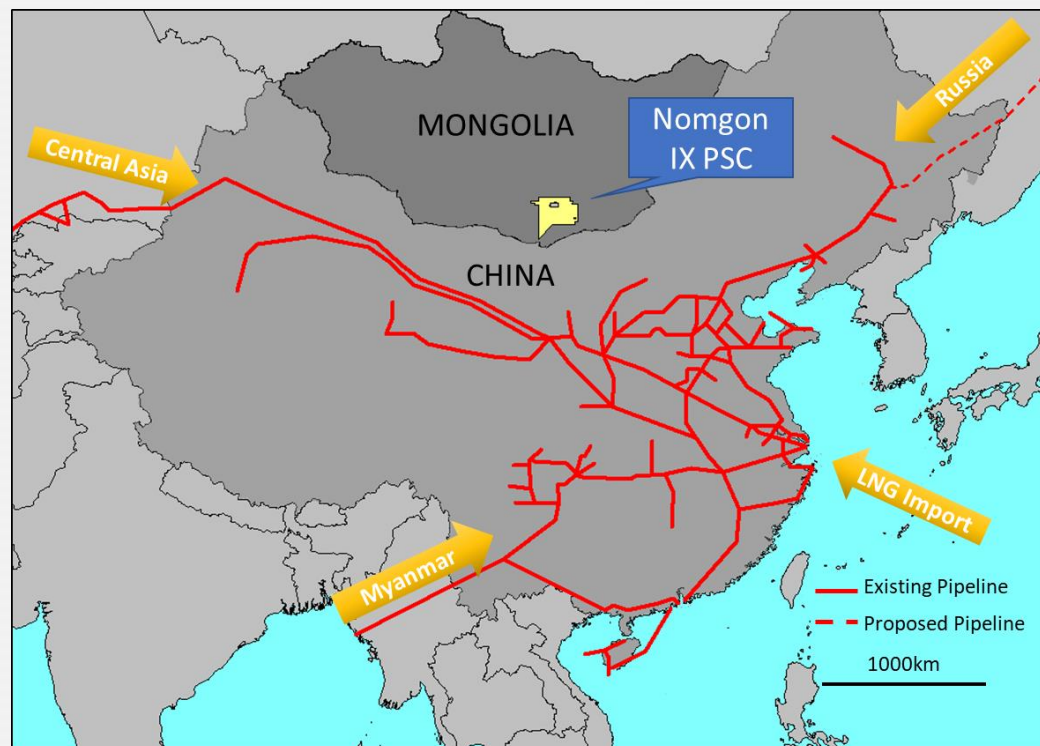
- Mongolian gas focus – 100% working interest in the **7,000,000 net acre** Nomgon IX coal bed methane (CBM) PSC (~30,000 km<sup>2</sup>) in major coal bearing sedimentary basin
- **Giant\* CBM prospective resource** for Nomgon IX PSC identified, with best estimate of **40.1 Tcf** (unrisked recoverable) and **7.6 Tcf** (risked recoverable), independently certified by ERCE (refer Appendix 1)
- Nomgon IX CBM PSC is ideally located **proximate** to the **rapidly growing and high priced** Chinese gas market
- Active exploration program with 2D seismic scheduled for Q2 2019 and **exploration drilling** targeted for the second half of 2019
- Elixir's Alaskan acreage to be divested imminently through a pro-rata **capital return** of shares of Entek Energy (ETE)

***Focusing on giant gas prospective resource proximate to China***

\*Giant oil and gas fields are defined by those having greater than 500 million barrels of oil or 3 Tcf of natural gas

# Next Door to China's rapidly growing gas market

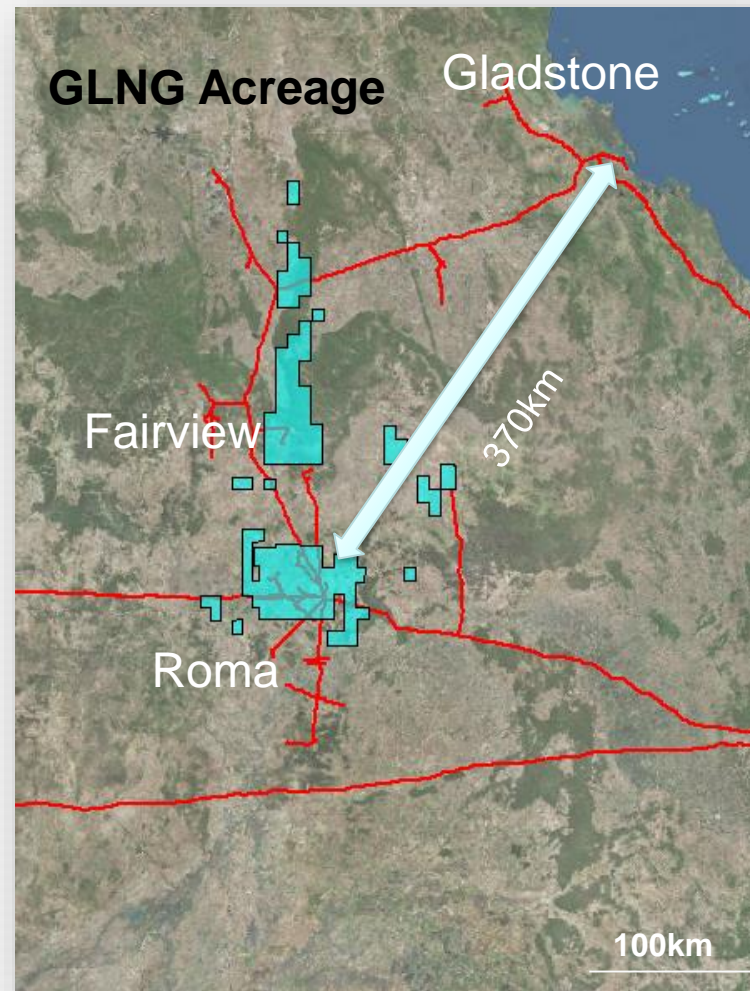
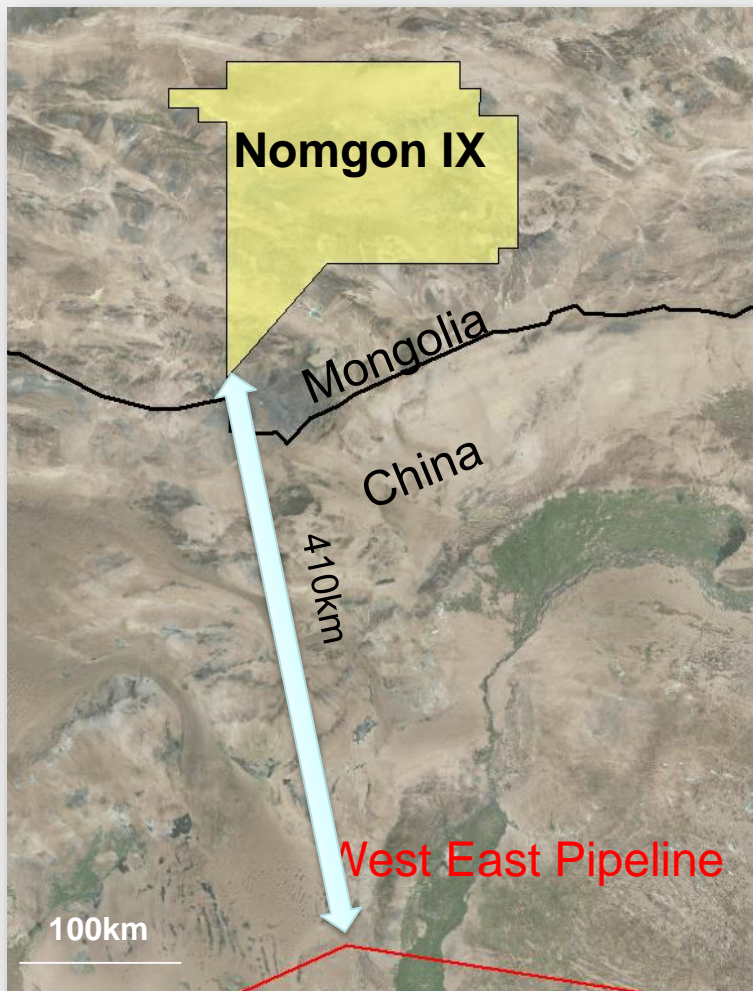
- The Nomgon IX CBM PSC is located immediately **proximate to the Chinese border**
- China imports gas from every direction and seeks to continually **diversify its sources of supply**
- Mongolian CBM expected to be highly **cost competitive** compared to alternative sources of gas for China
- The Chinese Government plans to increase gas demand by **300%** in 15 years
- Mongolia has a growing economy with a desire to **reduce pollution**



***Mongolian CBM expected to be highly cost competitive compared to China's import alternatives – including Australia***



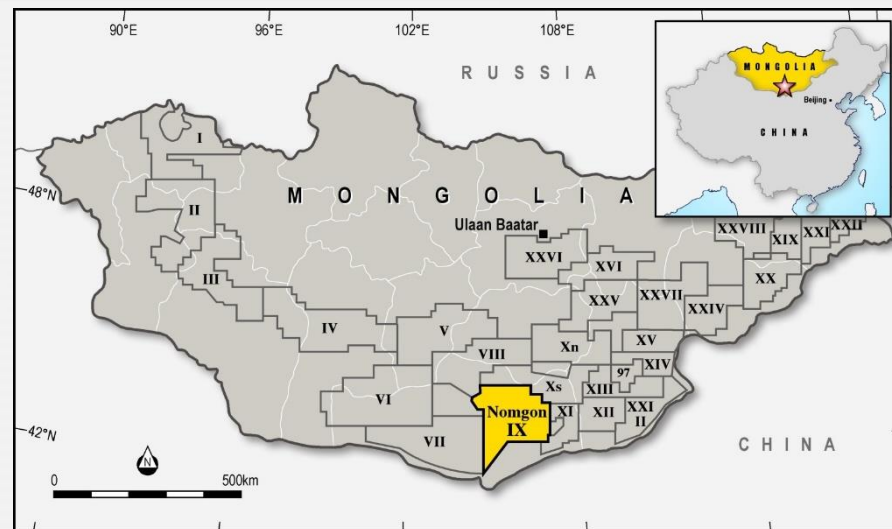
# Nomgon IX Comparison with Santos GLNG



***Export scale acreage package***

# Nomgon IX CBM PSC

- CBM PSC signed in **September 2018** by acquired company Golden Horde Ltd (GOH)
- Mongolian CBM PSC has **fiscal and other terms** designed for unconventional petroleum
- **No back-in** rights or mandatory local partnering

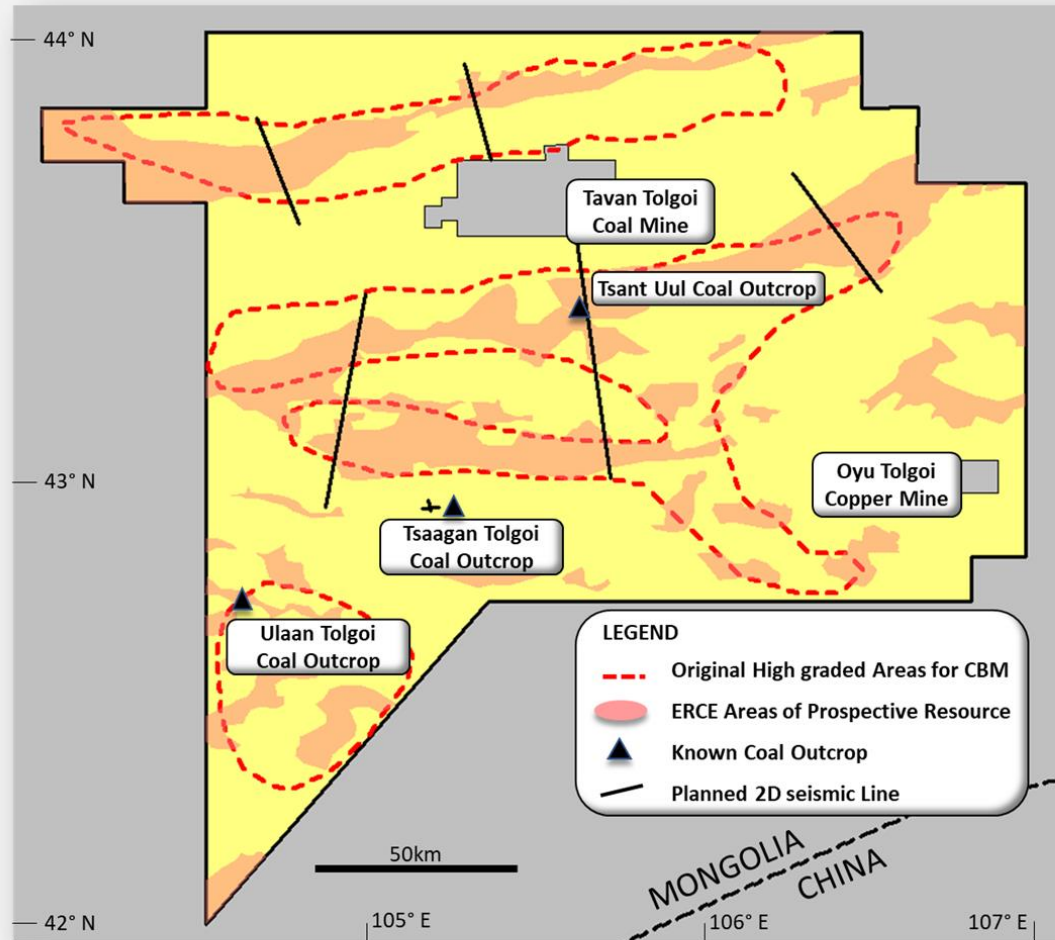


Exploration term	10 – 15 years
Production term	30 years +
Royalty	5 – 10 %
Govt share of profits	Up to 40%. No income tax
Back-in rights	None



***PSC gives very long term and robust tenure over licence area***

# Nomgon IX CBM PSC – why selected



- Data from Tavan Tolgoi indicate gas contents of up to **15m<sup>3</sup>/tonne (480 cf/ton)<sup>1</sup>**, at depths of **467 metres** below surface (high by world standards)
- Late Permian aged coals (Tavantolgoi Group) from **surface to >1000m depth** with individual **seam thickness** up to **55 metres)<sup>2</sup>**
- **40 TCF mapped** as a prospective resource by ERCE<sup>3</sup>
- **Nearby infrastructure** at Tavan Tolgoi Coal Mine and Oyu Tolgoi Copper–Gold Mine

***Mapped Permian depocentres are the high-graded focus areas***

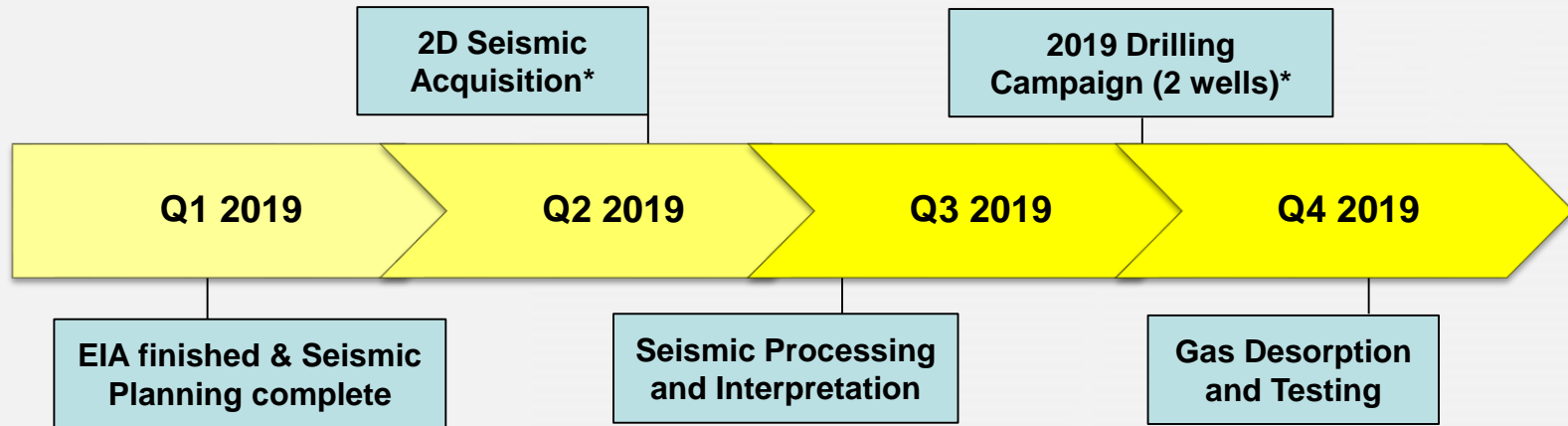
<sup>1</sup> Source: Erdenes Methane LLC

<sup>2</sup> Source: Nordic Geological Solutions

<sup>3</sup> Source: ERCE, See Appendix I



# 2019 Exploration Program



\*Subject to suitable equipment availability and government approvals

➤ 2019 Exploration Program in Nomgon IX to deliver:

1. Presence and thickness of coal
2. Gas content
3. Gas composition
4. Permeability
5. Success will deliver contingent resources

***Proof of Concept in 2019***

- Tender process for Seismic underway with **8 Contractors providing proposals**
- Seismic program based on:
  - 1. Integrated technical data** including gravity, magnetics, coreholes and surface mapping
  - 2. Focus on coals seams between 500 and 1,500m**
- CBM is a shallow unconventional target that **does not rely on sub-surface structures**, and therefore only dip oriented seismic profiles are acquired.
- Necessary **approvals** and licences **progressing**



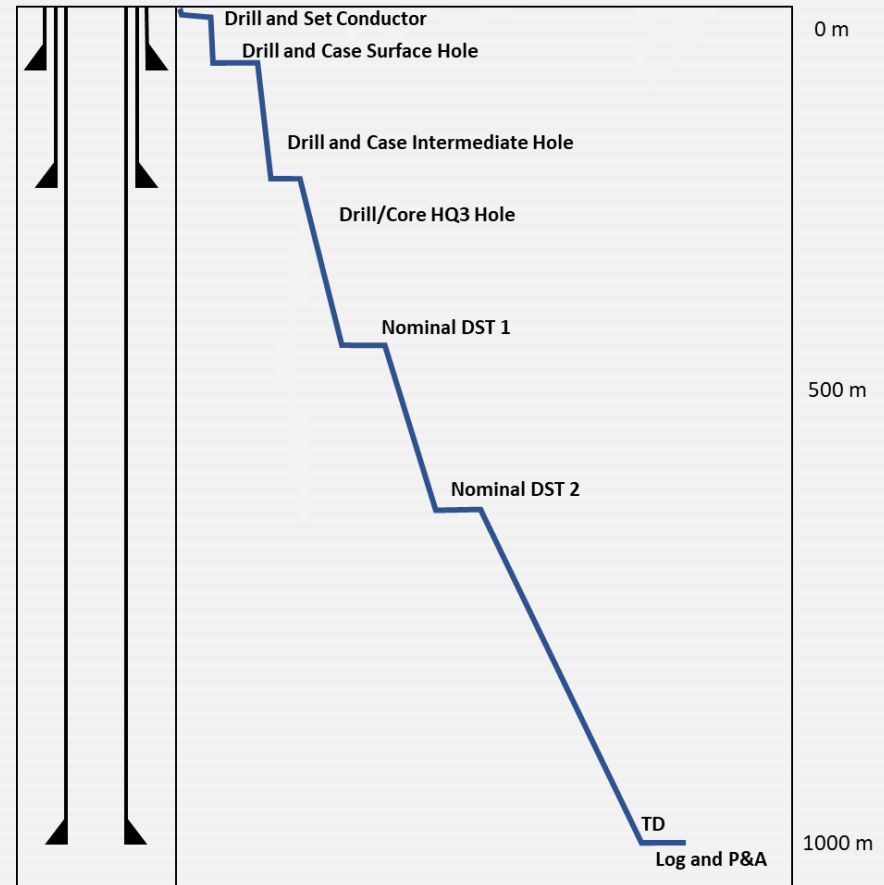
***Rapid progress to 2D seismic acquisition***



# Drilling Plans

- Preliminary HQ **Drilling Program** completed by Brisbane based Drilling Advisor
- Program incorporates:
  1. **Coring** of coal seams
  2. 2 **Drill Stem Tests** of prospective coal seams
  3. Wireline **logging**
  4. **Desorption** analysis of coal cores
- **Local** drilling contractors **already identified** in Mongolia
- **Tendering** process to begin in **Q2 2019**
- Final **well locations** to be determined from **seismic interpretation**

## Preliminary Drilling and Casing Program for Nomgon IX Coreholes

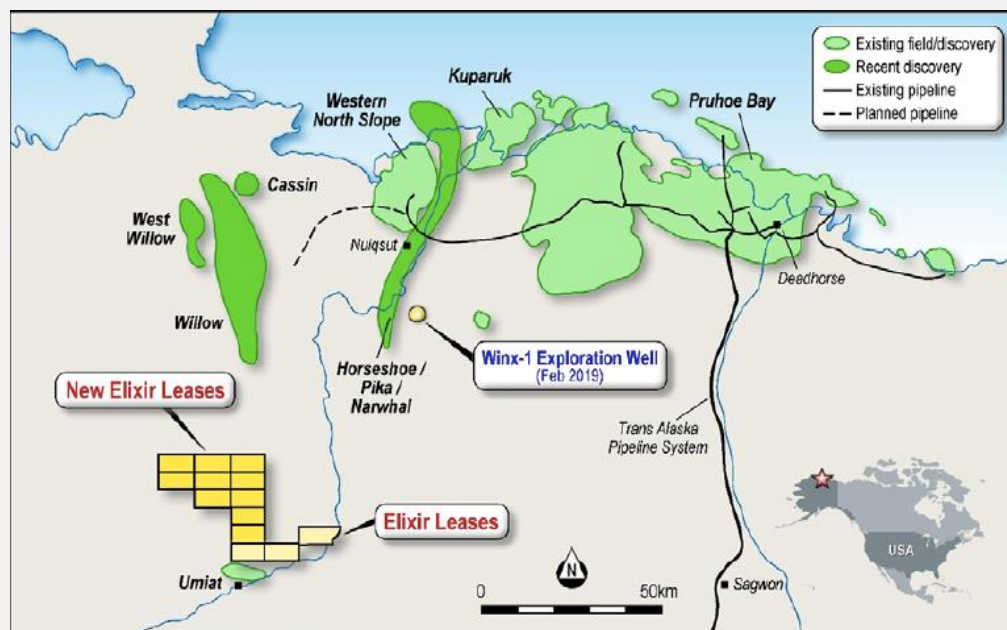


Timing – being confirmed

***Drilling due in the 2<sup>nd</sup> half of 2019***

# Pro-rata distribution – Entek Shares

- In late 2018 Elixir acquired a ~150,000 acre leasehold position on **Alaska's North Slope** (100% ownership position)
- Acreage considered **on trend** to recent large oil discoveries
- Acreage **being sold** to Entek Energy (ASX: ETE) for scrip. Confirmatory EGM votes due soon
- Elixir will distribute the ETE scrip received to all shareholders - on a **pro-rata basis**
- Elixir shareholders to receive ~**1 ETE share for two Elixir shares** held
- **Record date** scheduled as 12 April 2019



***Elixir shareholders retain exposure through ETE share distribution***

# Capital Structure

## Balance sheet

	Current (million)
Ordinary Shares (ASX:EXR)	384.8
Unlisted Options (ex 4.0 – 4.5 cents)	8.0
Listed Options (ex 7.5c by 31.12.20)	96.2
Performance Shares (Milestones)	22.5
Market Capitalisation (at 3.5c)	\$13.4
Cash at Bank (at 31 December 2018)	~\$1.6
Enterprise Value	\$11.8

## Shareholders

	Percentage
Board	9.3%
Substantial shareholders	Neil Young – 5.1%
Top 20	36.3%

## Board & Management

<i>Ray Barnes</i>	Non Executive Chairman
<i>Dougal Ferguson *</i>	Managing Director
<i>Neil Young</i>	Chief Executive Officer
<i>Scott Patrizi</i>	Non-Executive Director

\* At completion of the Entek transaction Mr Ferguson will cease his current position at Elixir

## Performance shares

Performance Share Milestone	Shares
Drill 2 CBM wells	7.5
FID approval on Pilot Plant	10.0
Approve disposal of Alaskan assets	5.0
Total	22.5

# Contact Us



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*Elixir Petroleum Limited will shortly be re-named Elixir Energy Limited (subject to a shareholder vote on 29<sup>th</sup> March). Look out for our new website and follow us on social media*



# Appendix 1:

## Independent Prospective Resource Report

- First **independent prospective resource** report completed by ERC Equipoise Pte Ltd (ERCE)\*
- Giant resource identified with Geological Risk likely to be **significantly reduced** following 2019 exploration programme (2D seismic and core hole drilling)
- ERCE report **independently validates world class potential** of the Nomgon IX CBM PSC and the “size of the prize”

Nomgon IX CBM PSC: Mongolia (EXR:100%)		Low	Best	High
Probabilistic Calculations	Unit	(1U)	(2U)	(3U)
Unrisked Recoverable Prospective Resources	TCF	13.6	40.1	117.2
Chance of Geological Discovery		0.19		
Riskied Recoverable Prospective Resources*	TCF	2.6	7.6	22.2

*\*Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.*

### ***Globally material prospective gas resources***

*\*Refer to ASX announcement dated 19 November 2018. The Company is not aware of any new information that materially affects the information in that announcement.*

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