

Exploring for gas in the Heart of Asia

Taking lessons from Queensland CSG to Mongolia



9 April 2019 – QUPLEX Presentation

Company Highlights

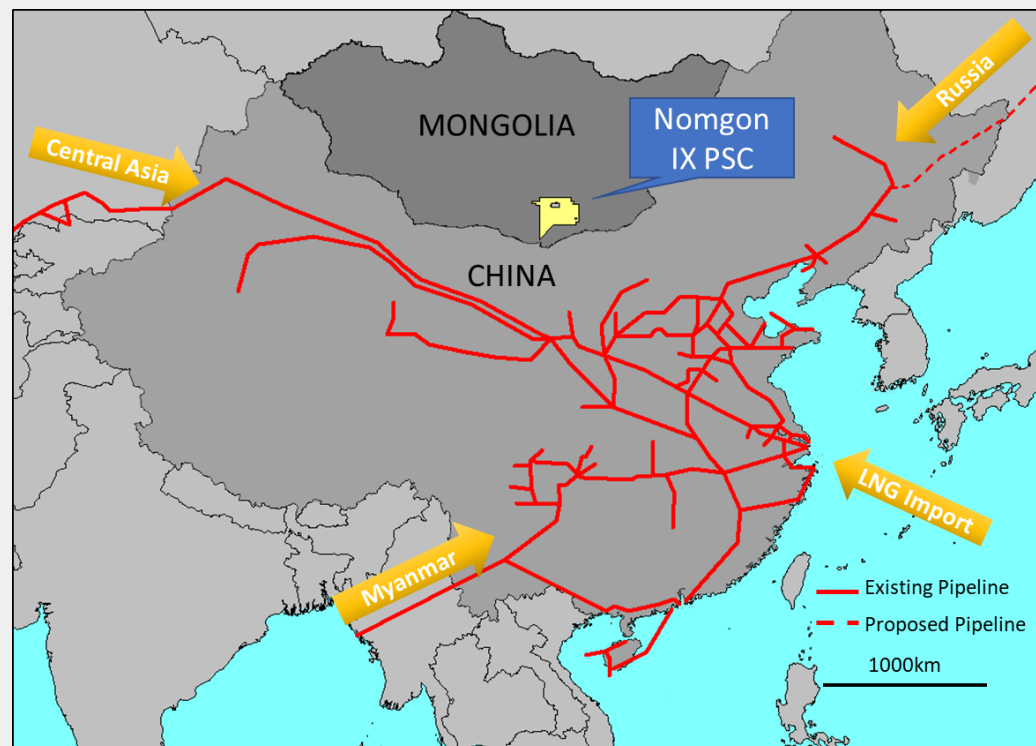
- **100% interest** in a Mongolian CBM PSC – signed in September 2018
- Located **proximate** to the rapidly growing and high priced **Chinese gas market**
- The **7M acre** PSC lies over a major **Permian coal** bearing region
- Certified CBM prospective resource of **7.6 Tcf** (best case)
- Active **exploration program** in 2019



Focused on giant gas prospective resource proximate to China

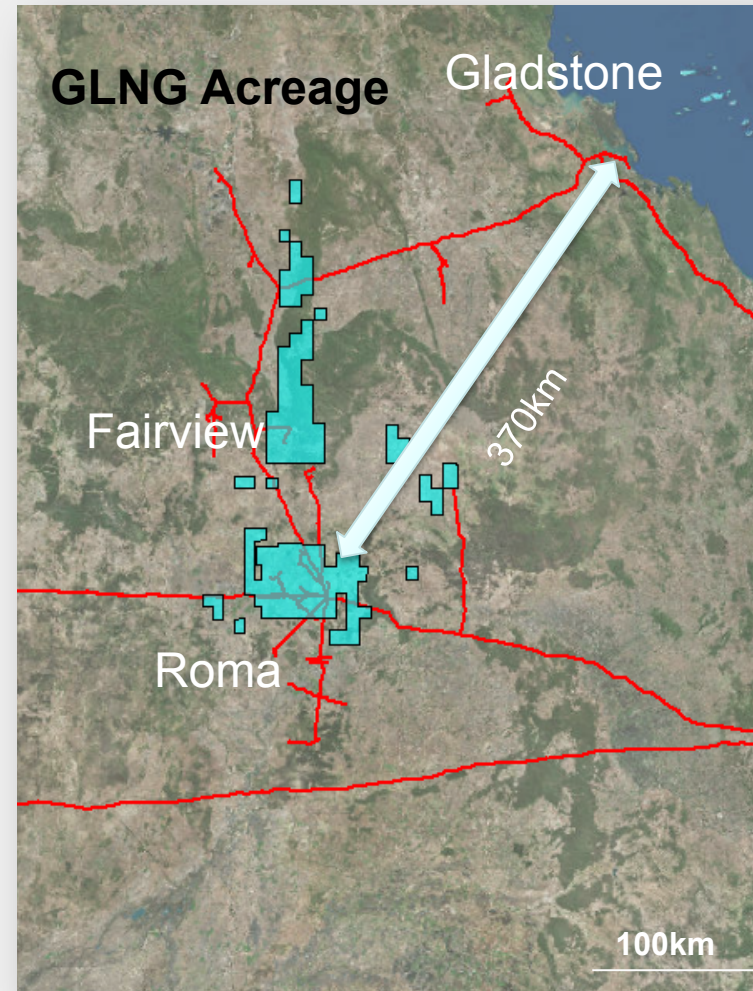
Next Door to China's rapidly growing gas market

- 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

Mongolian PSC vs Qld tax/royalty regime

- Mongolian CBM PSC has **fiscal and other terms** designed for unconventional petroleum
- Queensland tax/royalty regime **longstanding and simple**
- Both jurisdictions have overlapping minerals (coal) and petroleum licences – some **lessons from Qld** already taken to Mongolia

	Mongolian PSC	Qld tax/royalty
<i>Term</i>	~10 year exploration term. Production for field life	~10 year exploration term. Production for field life
<i>Overlapping tenure</i>	Title clear. Coordination encouraged	Title clear. Coordination encouraged
<i>Govt royalties</i>	5 – 10 %	10% (plus private ORRs, etc)
<i>Govt share of profits</i>	Up to 40%. No income tax	Zero. Income tax. PRRT in theory
<i>Back-in rights</i>	None	None

PSC gives very long term and robust tenure over licence area

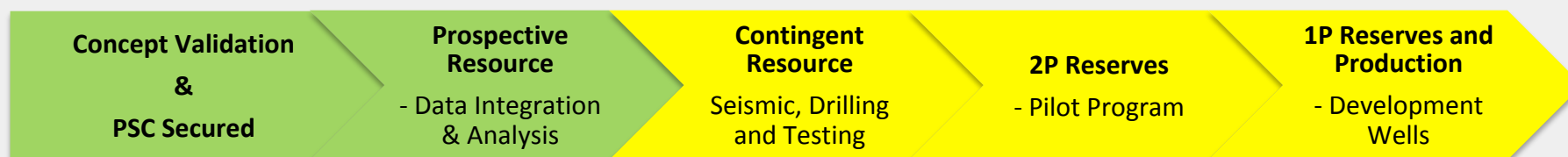
The Bowen and South Gobi Basins compared

Properties	Bowen Basin (Queensland)	Block IX (South Gobi Basin)		Comments
Seam thickness	Maximum single seam thickness 30m	> 55m found in multiple occurrences	✓	World class seam thickness – very high GIP per acre
Gas Content	7-14 m ³ /tonne in most productive areas	Up to 15 m ³ /tonne at Tavan Tolgoi mine	✓	High gas content
Permeability	Permeability varies from 2-600mD across the basin	Unknown, but coal samples show good cleat formation with no calcite	?	Requires core hole analysis
Presence of coal at optimal depth	Most productive coals typically less than 750m	Vast acreage position and evidence of substantial area with thick coal seams <1,000m	✓	Compares favourably to other world class CBM basins
Coal Quality: Ash Content	Ash content varies significantly but is ~30% in the most productive fields	~24% ash content	✓	Within ideal range
Coal Quality: Rank	Sub-bituminous to bituminous	Sub-bituminous to bituminous (ideal for CBM)	✓	Analysis shows VR is consistent with coals that have undergone gasification/methane generation

Current data compares favourably with the world class Bowen

CBM – Capital Efficient Exploration

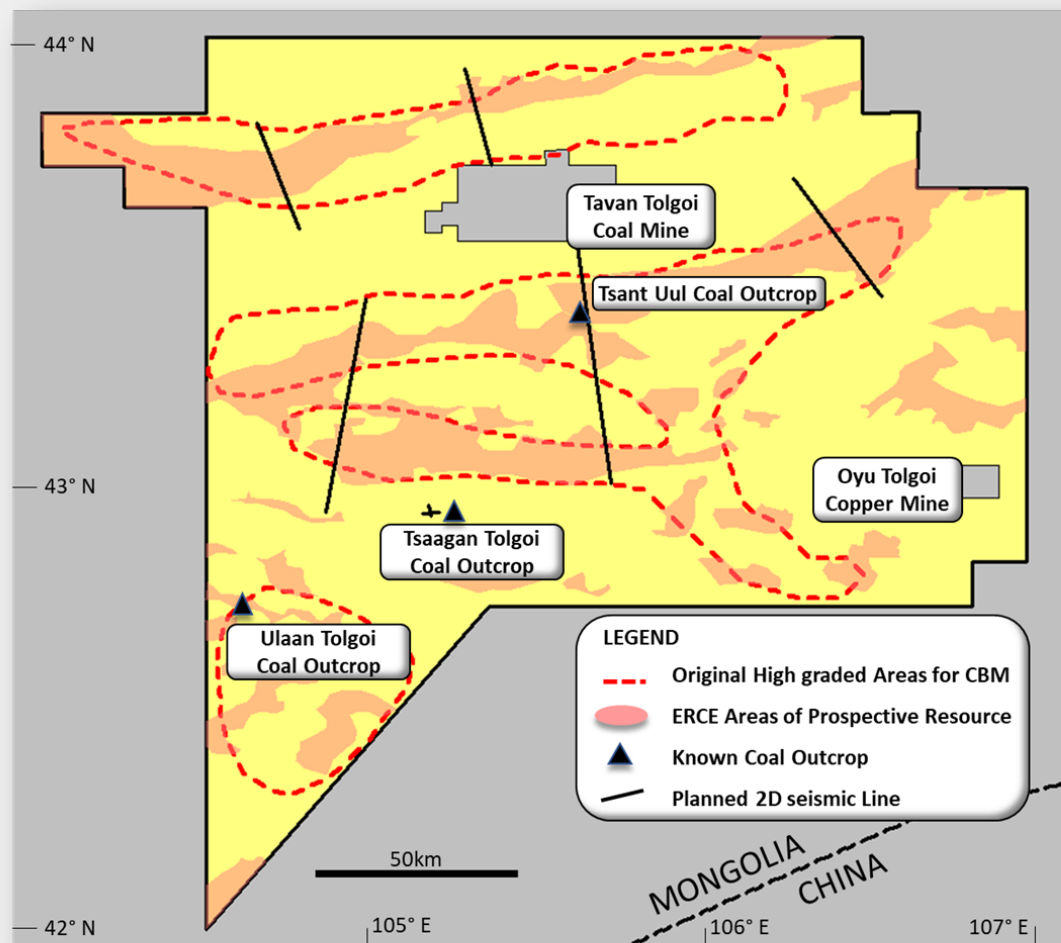
- CBM exploration has **lower risks than traditional oil and gas exploration** that seek conventional targets through factors such as:
 - Using existing data from coal mining activities
 - No structure and seal risk on the reservoir
 - Shallower seismic and drilling
- This lower risk profile – and significantly lower costs of seismic and especially drilling - means it is a **highly capital efficient form of exploration**



- CBM investment in Australia has often resulted in **higher returns on capital invested** than for conventional oil and gas principally due to the relatively **low upfront capital** required to prove up significant resources and reserves

Maximising shareholder leverage to exploration spend

Nomgon IX CBM PSC – why selected



- Data from Tavan Tolgoi indicate gas contents of up to **15m³/tonne (480 cf/ton)¹**, 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)²**
- **40 TCF mapped** as a prospective resource by ERCE³
- **Nearby infrastructure** at Tavan Tolgoi Coal Mine and Oyu Tolgoi Copper–Gold Mine

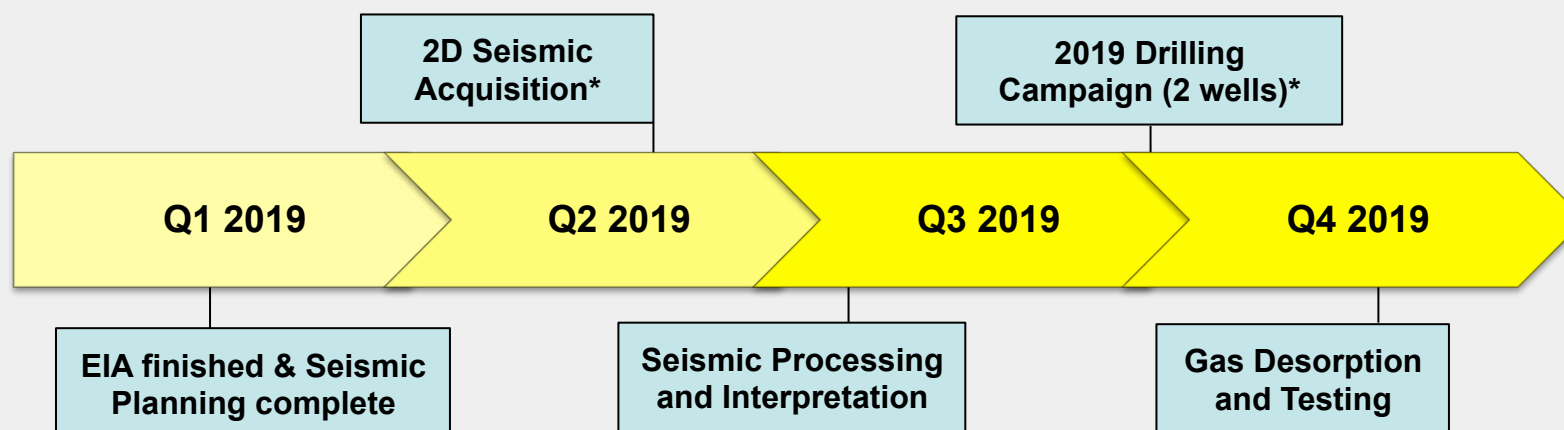
Mapped Permian depocentres are the high-graded focus areas

¹ Source: Erdenes Methane LLC

² Source: Nordic Geological Solutions

³ Source: ERCE, See Appendix 2

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. On the path to contingent resources

Proof of Concept in 2019

Operations Underway

- 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**

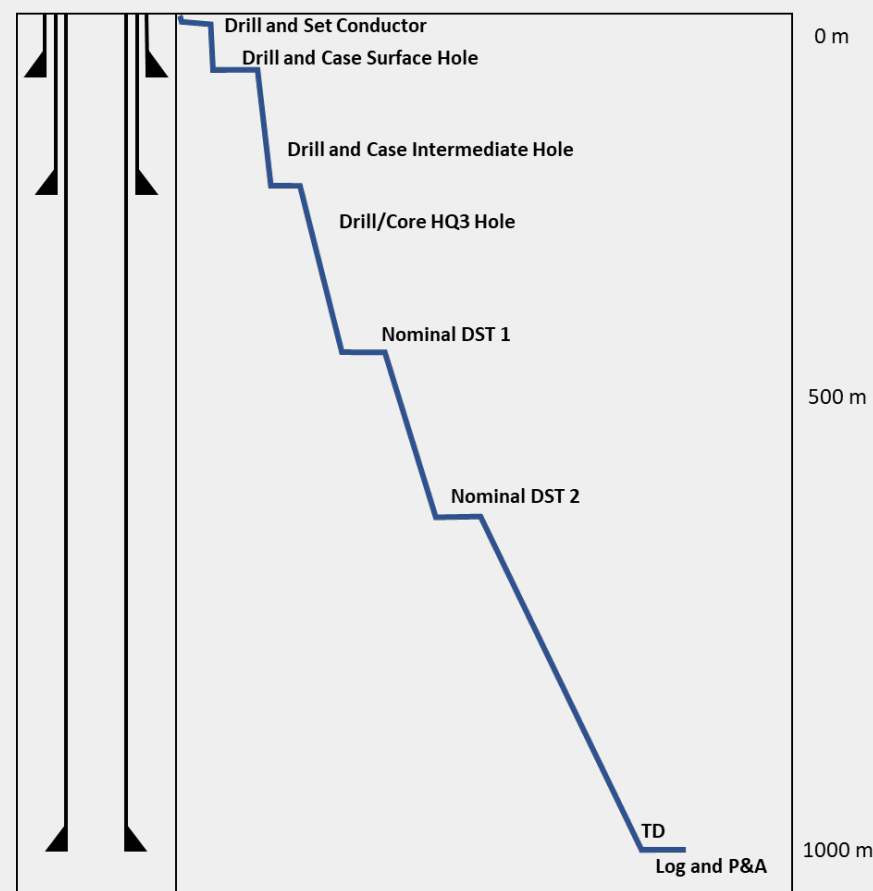


Rapid progress to 2D seismic acquisition

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 2nd half of 2019

Some concluding lessons from Queensland

- Exports **underwrite** large CBM developments
- Very large **resources** attract very large **players**
- CBM exploration is **capital efficient**
- The **minerals service sector** provides depth and low costs
- CBM brings **local jobs** and economic benefits
- (*Don't forget **local gas** markets*)

Mongolia and Queensland – emerging CBM cousins

Contact Us



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Elixir Petroleum Limited will shortly be re-named Elixir Energy Limited. Look out for our new website and follow us on social media

Appendix 1: 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

Appendix 2:

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		(1U)	(2U)	(3U)
	Unit			
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.*

**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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