

20 August 2020

**OPERATIONS UPDATE****HIGHLIGHTS**

- Nomgon-2 main seam's gas content averages > 5m<sup>3</sup>/tonne (on a raw basis)
- Permeability at Nomgon-2 significantly higher than Nomgon-1
- Nomgon-S3 strat-hole meets key objective, measuring ~78 metres of coal
- Nomgon-S4 strat-hole to spud shortly
- Seismic acquisition completed and early stage prospects identified
- Engineering planning commenced for a pilot production test at Nomgon in 2021

Elixir Energy Limited ("Elixir" or the "Company") is pleased to provide an update on operations in its 100% owned Nomgon IX CBM PSC.

Gas content results are now available from the Nomgon-2 core-hole. The readings from the main "100 series" seam (measured between 414 to 479 metres) are nearly identical to the strong figures delivered earlier this year from the Nomgon-1 discovery well. The average gas raw gas content was 5.3m<sup>3</sup>/tonne, in an overall range of 3.4 to 7.4 m<sup>3</sup>/tonne (from 38 desorbed samples). The higher "dry ash free" (DAF) and adsorption numbers will be advised in due course.

Six down-hole permeability tests were successfully run in Nomgon-2 using an "injectivity fall off test" (IFOT) process. Four of these were ran across the main 100 series seam. The tests produced significantly better results than Nomgon-1, ranging from 19.7 to 640.3 mDarcy metres (see Appendix 1).

The Nomgon-S3 appraisal strat-hole recently reached a total depth of 644 metres. Net coals of ~78 metres were measured by wellsite geologists. Logging is now taking place. The key objectives of this well have been met or exceeded. Firstly, the well confirmed the presence of coals on the Northern limb of the Nomgon syncline. Furthermore, the well intersected significant coal seams below the primary target 100 series - this is the first time such seams have been intersected in the region.

The Nomgon-S4 appraisal strat-hole will spud shortly. A key objective of this well is to continue to confirm the presence of coal in the Nomgon sub-basin, this time stepping out to the East of Nomgon-2.

Exploration drilling will follow Nomgon-S4 in a number of different locations across the 30,000 km<sup>2</sup> PSC, with a view to opening up potential new coal seam gas bearing sub-basins.

## ASX ANNOUNCEMENT



Elixir's 2020 2D seismic program has now finished its field acquisition stage. A total of 106 kilometres was successfully acquired and processing has commenced, with early stage targets already indicated in multiple areas. Final interpreted results are expected in around early September. These, together with the 2019 seismic results and field mapping work (which is ongoing) will feed into the ultimate well selection process for the exploration drilling campaign.

The Nomgon sub-basin appraisal plan is now moving into a desk-top petroleum engineering phase, with a primary focus on designing a pilot production test for 2021.

Elixir's Managing Director, Mr Neil Young, said: *"The Nomgon sub-basin appraisal program continues to exceed our expectations on multiple fronts and we are especially pleased to see the very strong permeability results from Nomgon-2 – with up to nearly 100 mD encountered. We are assembling a very positive data set that should not only expand our contingent resource base but also provide a basis for what should be a very modestly costed pilot production test in 2021. Before that happens, we have a geographically vast exploration program coming up very shortly, which will target multiple potential new sub-basins with a low cost strat-hole drilling campaign."*

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.net.au](http://www.elixirenergy.net.au)

ASX CODE: EXR

[www.elixirenergy.net.au](http://www.elixirenergy.net.au)

Elixir Energy Ltd is a gas exploration company focused on the 100% owned Nomgon IX coal-bed methane (CBM) production sharing contract (PSC) located in the South of Mongolia, proximate to the Chinese border. The 30,000 km<sup>2</sup> PSC was executed in September 2018 and has a 10+ year exploration period.

## Appendix 1 - requirements applicable to reporting material exploration and drilling results

Item	Description	Reporting																																																								
(a)	The name and type of the well	Nomgon 2 CSG core-hole																																																								
(b)	The location of the well and details of the permit or lease in which the well is located	Lat 042/52/12.45; Long 105/28/22.08 Nomgon IX CBM PSC																																																								
(c)	The entity's working interest in the well	100%																																																								
(d)	If the gross pay thickness is reported for an interval of conventional resources, the net pay thickness	Not applicable – gross pay is for an interval of unconventional resources																																																								
(e)	The geological rock type of the formation drilled	Permian coals																																																								
(f)	The depth of the zones tested	<p>IFOT tests carried out at depths noted below:</p> <table border="1"> <thead> <tr> <th></th> <th colspan="4">100 Series Coal</th> <th colspan="2">Upper Coals</th> </tr> <tr> <th>IFOT</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> </tr> </thead> <tbody> <tr> <td>Base of Top Packer (m)</td> <td>464</td> <td>445</td> <td>421</td> <td>400</td> <td>364</td> <td>318</td> </tr> <tr> <td>Interval Tested (m)</td> <td>19</td> <td>19</td> <td>20</td> <td>20</td> <td>19</td> <td>19</td> </tr> <tr> <td>Top of Bottom Packer (m)</td> <td>482</td> <td>463</td> <td>440</td> <td>420</td> <td>383</td> <td>337</td> </tr> <tr> <td>Net Coal (m)</td> <td>15</td> <td>9</td> <td>16</td> <td>7</td> <td>4</td> <td>7</td> </tr> <tr> <td>Perm x Height (mD .m)</td> <td>55.2</td> <td>19.7</td> <td>194</td> <td>640.3</td> <td>370.3</td> <td>211.5</td> </tr> <tr> <td>Perm (mD)</td> <td>3.7</td> <td>2.1</td> <td>12.4</td> <td>91.5</td> <td>88.2</td> <td>31.1</td> </tr> </tbody> </table>		100 Series Coal				Upper Coals		IFOT	1	2	3	4	5	6	Base of Top Packer (m)	464	445	421	400	364	318	Interval Tested (m)	19	19	20	20	19	19	Top of Bottom Packer (m)	482	463	440	420	383	337	Net Coal (m)	15	9	16	7	4	7	Perm x Height (mD .m)	55.2	19.7	194	640.3	370.3	211.5	Perm (mD)	3.7	2.1	12.4	91.5	88.2	31.1
	100 Series Coal				Upper Coals																																																					
IFOT	1	2	3	4	5	6																																																				
Base of Top Packer (m)	464	445	421	400	364	318																																																				
Interval Tested (m)	19	19	20	20	19	19																																																				
Top of Bottom Packer (m)	482	463	440	420	383	337																																																				
Net Coal (m)	15	9	16	7	4	7																																																				
Perm x Height (mD .m)	55.2	19.7	194	640.3	370.3	211.5																																																				
Perm (mD)	3.7	2.1	12.4	91.5	88.2	31.1																																																				
(g)	The types of test(s) undertaken and the duration of the test(s)	Permeability testing using an injectivity fall off test (IFOT) tool. Each test took around 8 to 12 hours. The test interpretation directly measured Kh for the interval tested.																																																								
(h)	The hydrocarbon phase(s) recovered in the test(s)	Gas has been recovered by wellsite gas desorption laboratory analysis. This gas was then analysed in a gas chromatograph and determined to be dominantly methane (CH <sub>4</sub> ). The main 100 seam was the major target for this analysis with 38 samples taken. The results delivered raw gas contents from 3.4 to 7.4 m <sup>3</sup> per tonne, with an average of 5.3 m <sup>3</sup> per tonne.																																																								
(i)	Any other recovery, such as, formation water and water, associated with the test(s) and their respective proportions	Further laboratory testing work is planned to determine gas/water saturation levels																																																								
(j)	The choke size used, the flow rates and, if measured, the	Not applicable																																																								

	volumes of the hydrocarbon phases measured	
(k)	If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied	Not applicable
(l)	Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur	Further laboratory testing work is planned to determine volumes of non-hydrocarbon gases
(m)	Any other information that is material to understanding the reported results	Not applicable