

1 September 2020

OPERATIONS UPDATE

HIGHLIGHTS

-) Nomgon 3S strat-hole final logged coals total 88 metres
-) Nomgon 4S strat-hole extends resource area and logs coals of 35 metres
-) Seismic processing near finalization
-) Exploration program across multiple new potential sub-basins due to commence shortly

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

The Company previously reported that the Nomgon 3S appraisal strat-hole encountered net coals of ~78 metres, as measured by wellsite geologists. Final wireline logged results indicated a higher figure of 88 metres.

The Nomgon 4S appraisal strat-hole has now been completed. A key objective of this well was to continue to confirm the presence of coal in the Nomgon sub-basin, this time stepping out in a different direction than the most recent Nomgon-S3 strat-hole. This was achieved, with 35 metres of net coals logged. The total depth of the well, at 202 metres, was less than prognosed, possibly indicating some localised thrusting at work.

Laboratory testing work on coals sampled from the Nomgon-2 corehole is progressing, with results for gas composition, gas saturation, etc, due progressively over the next month or so.

Processing of the 106 kilometres of recently acquired 2D seismic is well underway, with preliminary results indicating a number of potential drill targets. The Company is also currently evaluating where best to locate the next round of 2D seismic acquisition.

Planning for exploration drilling across a number of wide-spread locations within the 30,000 km² PSC is well advanced, with the spudding of the first well due later this month. The Company will issue a more detailed presentation on the exploration program prior to this.

ASX ANNOUNCEMENT



Elixir Energy

Elixir's Managing Director, Mr Neil Young, said: *"The Nomgon sub-basin appraisal program has been a great success to date, with every well encountering thick coals. We are now moving onto the exploration component of this year's program, targeting a wide range of potential new sub-basins. Not every exploration well can be guaranteed to work, but successes will expand the number of CBM bearing sub-basins in the PSC and accordingly meet our key aim of progressively de-risking the Company's resource base."*

By authority of the Board:

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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 km² PSC was executed in September 2018 and has a 10+ year exploration period.