

31 January 2019

## **QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2018**

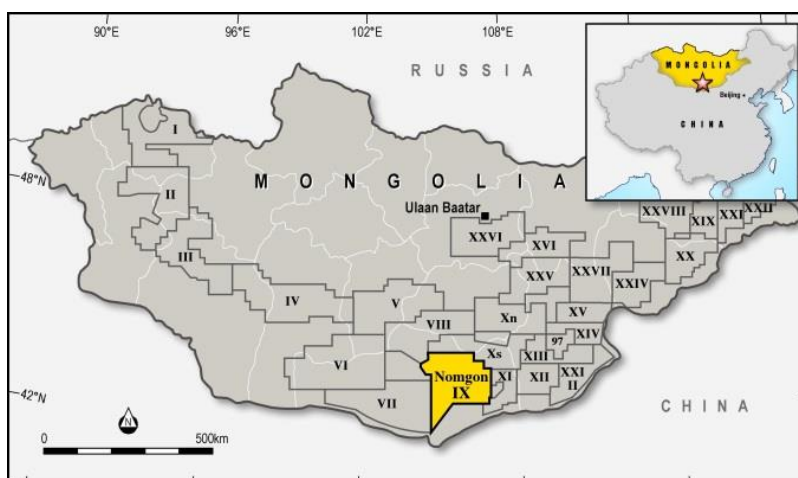
### **HIGHLIGHTS**

- ***Completion of the acquisition of Golden Horde Limited (GOH) which owns a 100% interest in the only Mongolian CBM PSC covering over 7 million acres***
- ***Substantial prospective resources independently verified for Mongolia with a risked best estimate of 7.6 Tcf of natural gas***
- ***Acquisition of 35,423 acres in Alaska (Project Peregrine) with an additional 114,310 acres secured through a Federal Government leasing round in December***
- ***Alaskan acreage interpreted to be on trend with the Nanushuk conventional crude oil play, directly south of large recent ConocoPhillips discoveries***
- ***Option Agreement entered into to dispose of Alaskan assets in exchange for up to 200 million shares in ASX listed Entek Energy Ltd (ASX:ETE), allowing Elixir to focus its resources on its Mongolian CBM asset***
- ***Entek shares issued to Elixir expected to be distributed to Elixir shareholders upon closing of the transaction***
- ***Appointment of GOH founding Director and ex Santos Business Development Manager Neil Young as Chief Executive Officer***

### **MONGOLIAN GAS EXPLORATION – 100% INTEREST IN CBM PSC**

During the quarter Elixir completed the purchase of Mongolian coal bed methane (CBM) exploration company Golden Horde Limited (GOH). The consideration for the purchase was the issuing of 79 million Elixir shares.

GOH has a 100% interest in the Nomgon IX coal bed methane (CBM) production sharing contract (PSC), located proximate to the Chinese border in Mongolia's South Gobi region. The PSC was entered into with the Mongolian Government in September 2018 and has a 10 year exploration period and a thirty year production period (which can be extended).



**Figure 1: Location map of Nomgon IX PSC Area**

**ASX CODE: EXR**

**[www.elixirpetroleum.com](http://www.elixirpetroleum.com)**

**Elixir Petroleum Limited**

ABN 51 108 230 995  
1202 Hay Street  
WEST PERTH WA 6005, AUSTRALIA  
T: +61 8 9226 2111 E: [info@elixirpetroleum.com](mailto:info@elixirpetroleum.com)

During the quarter an Independent Prospective Resource Report for the Nomgon area was completed by ERC Equipoise, a London headquartered firm that is one of the world's largest reserves and resources auditors. The key results of the Report are summarized below:

Nomgon IX CBM PSC: Mongolia				Low	Best	High
Probabilistic Calculations			Unit	(1U)	(2U)	(3U)
Unrisked Resources	Recoverable	Prospective	TCF	13.6	40.1	117.2
Chance of Geological Discovery				0.19		
Risked 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.*

The risked recoverable prospective resource of 7.6 Tcf is a globally significant amount of gas and is of a scale that is expected to be able underwrite the construction of major new pipelines to the high priced and rapidly growing Chinese gas market and also meet Mongolian domestic demand.

The current geological risking reflects the lack of historical subsurface data in the region, the obtaining of which is a key focus of the 2019 exploration programme (see below). Success in delineating coals over the current exploration focus areas (through seismic and drilling) will significantly increase the chance of geological discovery which would lead to a material increase in the current resource figures on a risked basis.

Current activities in Mongolia are focused on the necessary preparatory work required to allow commencement of the on-ground exploration programme, which commences with 2D seismic acquisition in the northern summer (Q2/Q3 2019) followed by drilling later in 2019. The exploration activities undertaken during the quarter include:

- Preparation of a baseline environmental impact assessment (EIA), including paleontology and archeology field work. This EIA was finalised and approved by the Mongolian Ministry of the Environment & Tourism post the end of the quarter;
- Detailed field mapping (recently completed) to finalise the location of the planned 2D seismic lines;
- Seismic contract award preparation, including tendering, contract negotiation and final contractor selection, with contract award expected early Q2 2019;
- Liaison with local communities and stakeholders in the Nomgon PSC area; and
- Ongoing engagement with Government Ministries, regulators and other stakeholders.

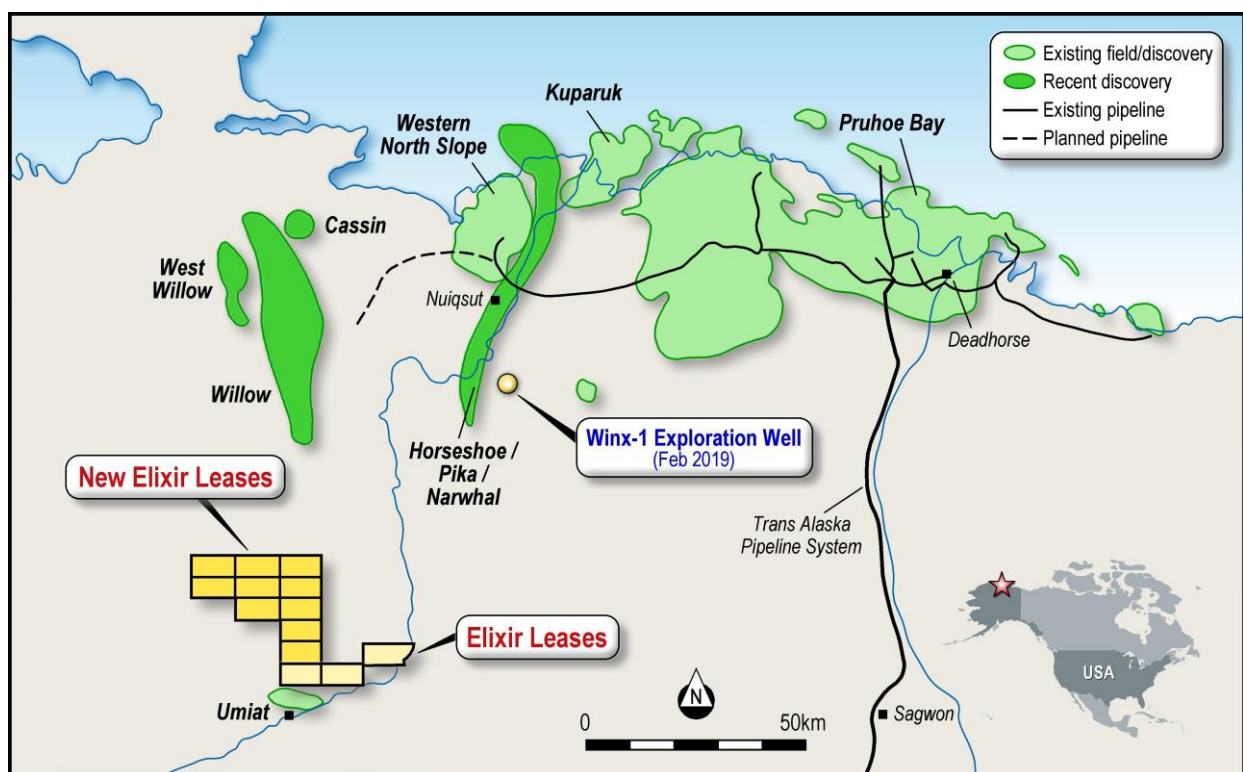
The Company expects to drill its first CBM wells in the Nomgon IX CBM PSC in the second half of 2019. These wells will provide information on coal thickness, gas content and permeability. Positive results will significantly de-risk technical and commercial risks and accelerate conversion of prospective resources into contingent resources and/or reserves.

## PROJECT PEREGRINE (ALASKA) – 100% WORKING INTEREST

On 14 November 2018, Elixir completed the acquisition of a 100% Working Interest in 35,423 acres of leases in Alaska. The consideration for the acquisition of the leases was US\$803,859, being the sum of the back costs of the vendors since the original award of the leases in 2014.

The leases lie within the National Petroleum Reserve of Alaska (NPRa) which is managed by the United States Federal Bureau of Land Management (BLM). Elixir lodged a US\$300,000 lease bond with the BLM which is refundable upon cessation or relinquishment of the leases in good standing.

On 13 December 2018, Elixir announced that it was named the successful high bidder on further leases covering 114,310 acres within the NPRa following the 2018 BLM NPRa lease sale. A deposit has been paid of approximately US\$224,000, being 20% of the total bid made by the Company for the 10 successful leases bid on. The new leases are immediately adjacent to the leases acquired in November 2018.



**Figure 2: Location map of Elixir Leases with proximity to multi-billion-barrel North Slope discoveries**

Following a detailed geological and geophysical review, including mapping and interpretation of the existing 2D seismic data over the area, the Company determined that the new leases potentially have the same play type as oil discoveries currently being developed by companies such as ConocoPhillips and Oil Search. The Nanushuk oil play is also being pursued by a consortium of ASX listed companies who are drilling the Winx-1 exploration well in February 2019. Although this well is not a direct analogue to Elixir's current lease position, it is another test of this emerging oil play in Alaska.

On 29 November 2018, Elixir entered into an Option Agreement with Entek in connection with its Alaskan assets. Entek paid \$50,000 for the option and may exercise its option any time up until 31 January 2019, or such other later date as may be agreed. The key terms of the Option Agreement are as follows:

- Entek to acquire Elixir's total Alaskan lease position through the purchase of a wholly owned subsidiary of the Company that is the lessee and high bidder on the new leases;

- The consideration for the purchase will be the issue of Entek shares to Elixir. The total number of Entek shares to be issued is determined under a formula in the Option Agreement and Elixir calculates this to be approximately 185 million Entek shares;
- It is the Company's intention to distribute the Entek shares received to its current shareholders on a pro-rata basis. Each Elixir shareholder should receive approximately one Entek share for each two Elixir shares held if Entek exercises its option and the acquisition completes;
- Subject to each company's shareholder approvals and Entek exercising its option, the transaction is expected to close in the March 2019; and
- It is proposed that Elixir's current Managing Director, Mr Dougal Ferguson will join Entek as its Managing Director and that Mr Neil Young will take over Mr Ferguson's role at Elixir upon completion of the transaction with Entek.

## **OTHER ASSETS**

The Company retains interests in two other exploration assets, being a 100% Working Interest in the Moselle Permit in France and a 25% Working Interest in approximately 3,330 net acres in the Petra Project in Colorado, USA.

There was no significant activity on either the Petra Project or the Moselle Permit during the quarter.

## **CORPORATE AND FINANCIAL**

### ***Changes in Issued Capital***

On 9 November 2018 the Company issued bonus shares to its existing shareholders on a one (1) for six (6) basis. Following the bonus issue, the issue of 79 million shares in connection with the acquisition of GOH and conversion of 10 million performance rights to employees and consultants, Elixir's issued share capital increased to 384,763,232 ordinary shares.

On 14 December 2018 the Company announced an offer to issue options to its existing shareholders on a one (1) for four (4) basis. The options each cost 1c, are exercisable at 7.5c and expire on 31 December 2020 and are listed and trading under the code ASX:EXROA. The closing date for the offer was 21 January 2019 and 17,210,055 options were subscribed for by eligible shareholders. The Directors will seek to place the shortfall of 76,252,482 in the short term.

Elixir's cash reserves as at 31 December 2018 were approximately \$1.6M. The Company has no debt.

### ***Board***

Upon the completion of the acquisition of GOH on 14 December 2018, Mr Neil Young joined the Board of Elixir as Chief Executive Officer. Mr Young was the founding Managing Director of GOH and has a history of business development in the energy sector, including working for Santos as Manager Business Development when it assembled its Australian CBM acreage. Mr Young is now a substantial shareholder in Elixir.

### ***Annual and other General Meetings***

The Company's Annual General Meeting (AGM) was held on 28 November 2018. In addition to standard AGM matters, the meeting considered a number of resolutions required for the completion of the GOH acquisition and the Alaskan lease acquisition. All resolutions were approved.

## SUMMARY OF PETROLEUM TENEMENTS HELD AS AT 31 DECEMBER 2018

	% Interest	Tenement	Location
<b>Held at end of quarter</b>	100%	Moselle Permit	North-eastern France
	25%	Petra Project	Colorado, USA
<b>Acquired during quarter</b>	100%	Nomgon IX CBM PSC	Southern Mongolia
	100%	Various leases in the NRPA	Alaska, USA
<b>Disposed during quarter</b>	-	-	-

For further information, please visit the Company's website at [www.elixirpetroleum.com](http://www.elixirpetroleum.com). You can also follow Elixir Petroleum on twitter.