



ELIXIR ENERGY (ASX:EXR)

Coal Seam Gas Exploration On The Border Of China

September 2019

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Information contained in this report with respect to the potential of the Mongolia PSC area was compiled by Elixir based on independent reports and was reviewed by Mr Greg Channon, technical adviser to Elixir who has had more than 30 years' experience in the practice of petroleum geology. At this time, Elixir and Mr Channon make no representations or forecasts with respect to the potential prospective resources that may be associated with the Mongolian PSC area.

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Company Overview



Exploring for Coal Seam Gas (CSG*) in the South of Mongolia

- Focused on the 100% owned Nomgon IX Coal Bed Methane (CBM*) Production Sharing Contract (PSC) project in the South Gobi region of Mongolia
- The 7 million acre (30,000 km²) PSC covers a major Permian coal bearing basin on the border of Mongolia and China
- CSG risked prospective resource of 7.6 Tcf (best case – see Appendix 1)
- Active exploration program underway
- Multiple market options, including the rapidly growing Chinese gas market
- Highly experienced CSG team

* - CSG is generally referred to as CBM outside Australia

CAPITAL STRUCTURE	Current (million)
Ordinary Shares (ASX:EXR)	487.2
Unlisted Options (ex 3.29 cents)	7.0
Listed Options (ex 6.79c by 31.12.20)	110.7
Performance Shares (Milestones)	32.5
Market Capitalisation (at 5.5c)	\$26.8
Cash at Bank (per 30/6/19 5B)	\$4.4M
Enterprise Value	\$22.4



Board of Directors

Highly experienced CSG team



Richard Cottee
Non-Executive Chairman

- Former Managing Director of CSG focused Queensland Gas Corporation (QGC), taking it from market cap of \$20M to \$5.7M
- Other former CEO positions include CS Energy, NRG Europe & Central Petroleum



Neil Young
Managing Director

- Former Business Development Manager at Santos, where he helped build Santos' CSG business
- Has worked in Mongolia since 2011



Stephen Kelemen
Non-Executive Director

- Extensive technical and commercial career at Santos, including managing its CSG business
- Current Non Executive Director at CSG focused Galilee Energy (GLL)



Bayanjargal Byambasaikhan
Strategic Adviser

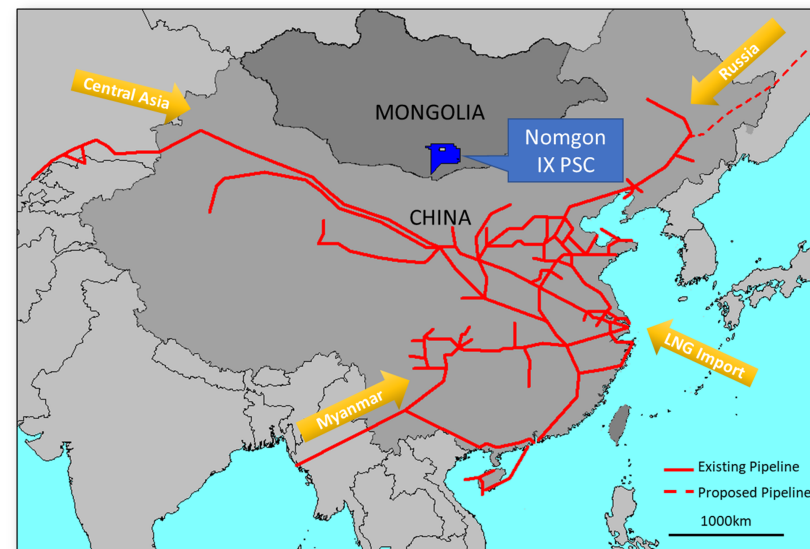
- Chairman of Business Council of Mongolia (BCM)
- Former CEO of Mongolia's sovereign investment company, Erdenes Mongol (EMGL)

Nomgon IX CBM PSC

PSC gives long term and robust tenure over massive licence area

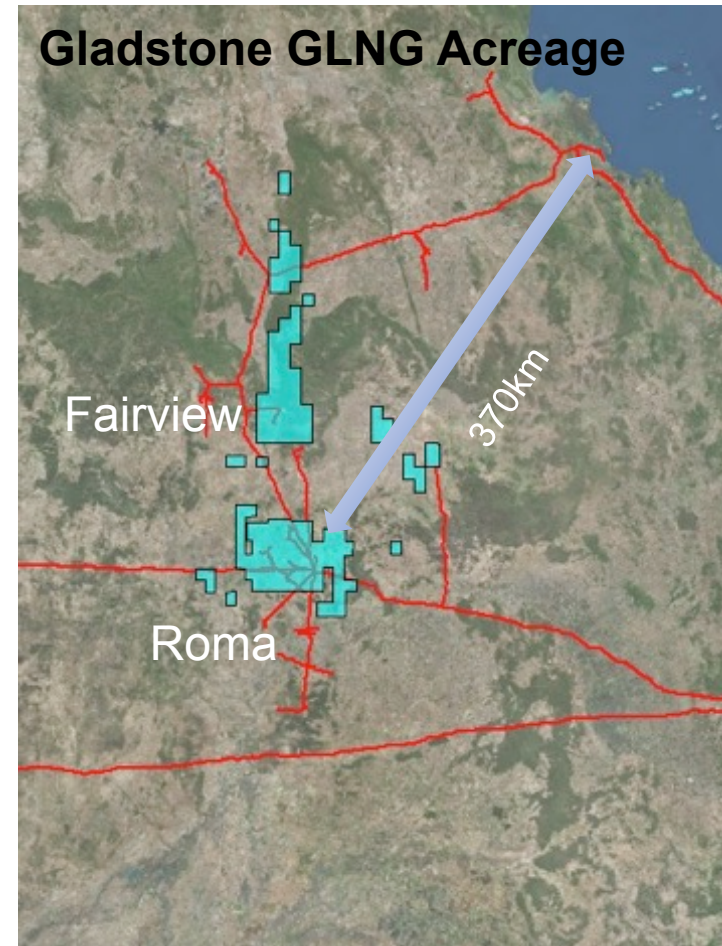
- CBM PSC signed in September 2018 with a 10 year+ exploration term
- 100% ownership and no back-in rights
- Strong relationship with Mongolian Government built over nearly a decade
- The Mongolian PSC has fiscal and other terms designed for unconventional petroleum
- The South Gobi Basin hosts Permian coals (see Appendix 2 for comparison with Australia's Bowen Basin)

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



Export Scale Acreage Package

Extensive licence area supports highly favourable risk/reward profile



Regulatory Approvals Completed

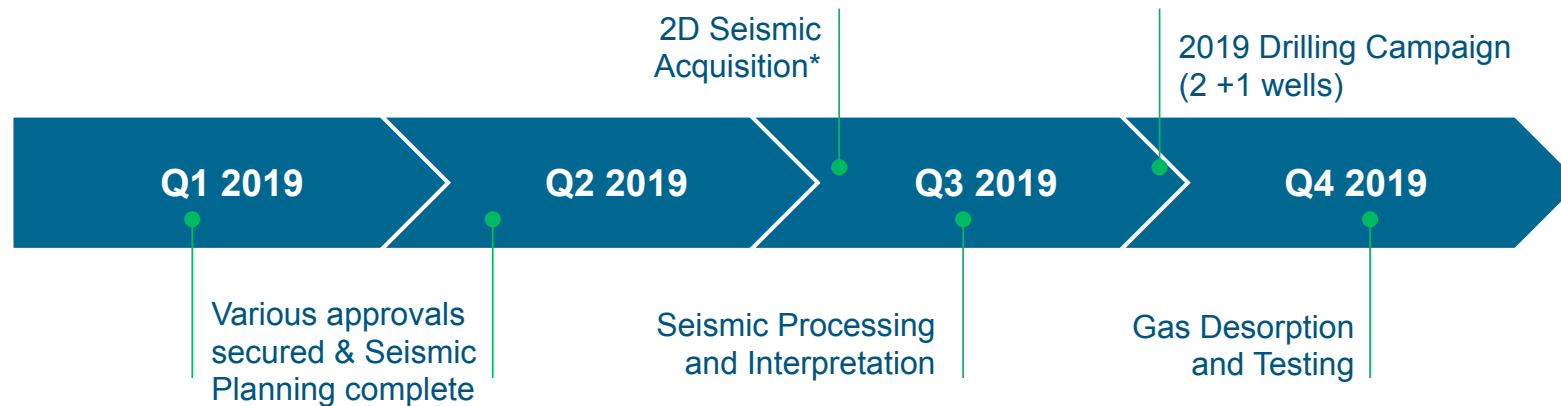
Significant work completed, exploration underway



2019 Exploration Program



Timeline on track, history of delivery



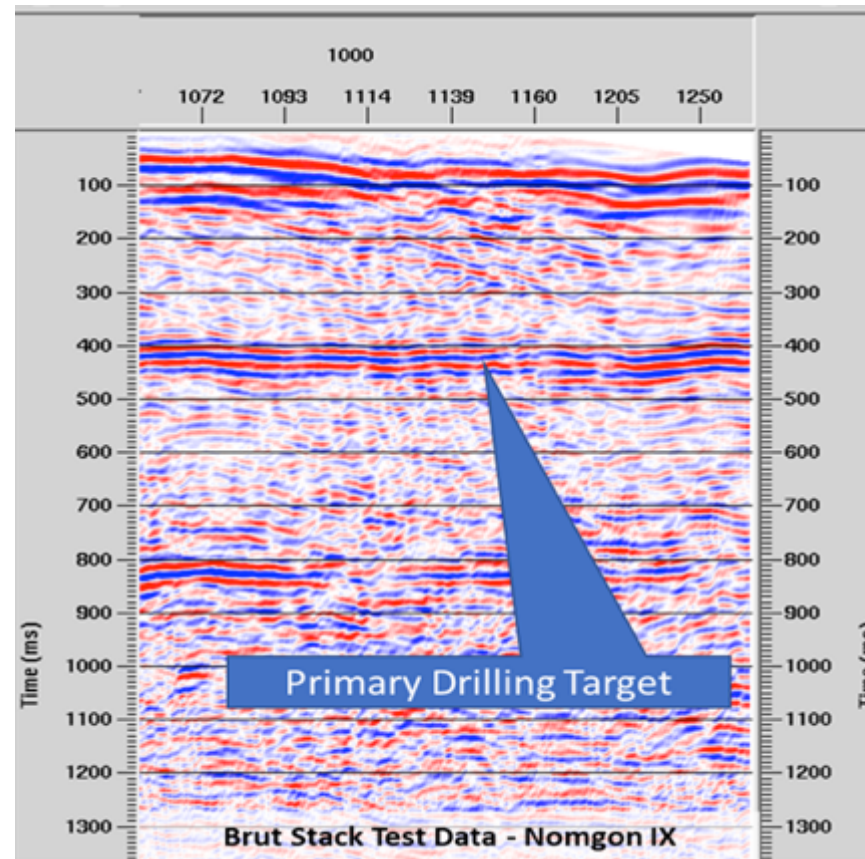
2019 Exploration Program in Nomgon IX to deliver:

- 1 Presence and thickness of coal
- 2 Gas content
- 3 Gas composition
- 4 Permeability
- 5 On the path to contingent resources (Appendix 3)

Seismic Acquisition Underway

Targeted 2D seismic acquisition

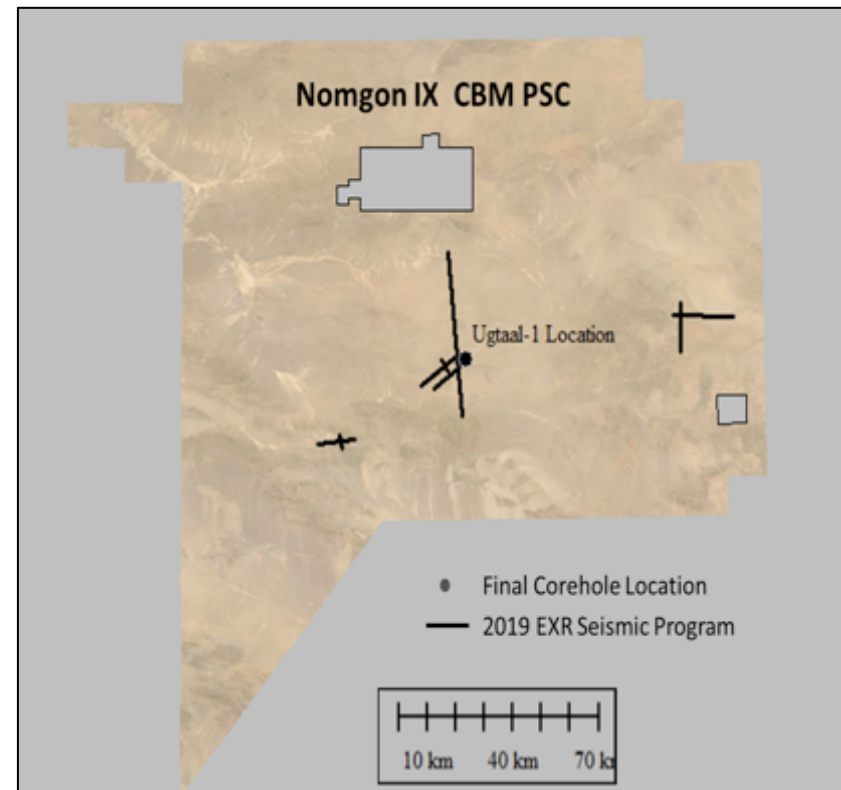
- Commenced seismic acquisition in August 2019
- Mongolian contractor Micro Seismic LLC has substantial experience in the region
- Acquiring 100 - 130 km of 2D seismic over key CBM leads
- Acquisition ~30 days, processing 20 days, full interpretation 20 days
- Early indications of coal seams at the right depths
- Fast track field processing weekly
- Fast track data used to site core holes



Drilling Imminent

Two core holes scheduled, option for a third

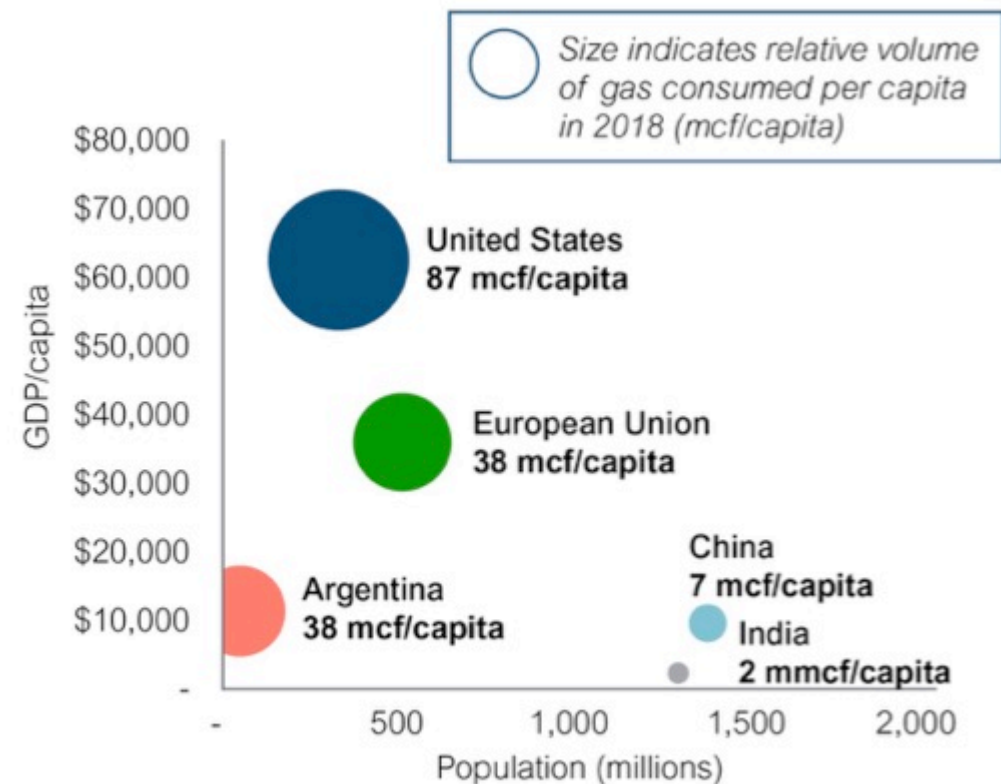
- First well (Ugtaal-1) due to spud around the end of September/start of October
- Mongolian contractor Erdenedrilling LLC currently sourcing long lead items
- Program of 2+1 core-holes with:
 - Full HQ coring, desorption, wireline logging & IFOT (injection fall off test)
- Timeline of 15-20 days per well including ~300-400m of coring
- Desorption testing to USA/Australian standards
- Wells to be plugged & abandoned



Next Door to China's Gas Market

China has a rapidly growing appetite for gas

- The Chinese Government plans to increase gas demand by 300% over the next 15 years
- China imports gas from every direction and seeks to continually diversify its sources of supply
- The Nomgon IX CBM PSC is located on the border
- Mongolian CSG expected to be highly cost competitive compared to alternative sources of gas for China
- Gas can effectively be exported by pipeline or electricity transmission

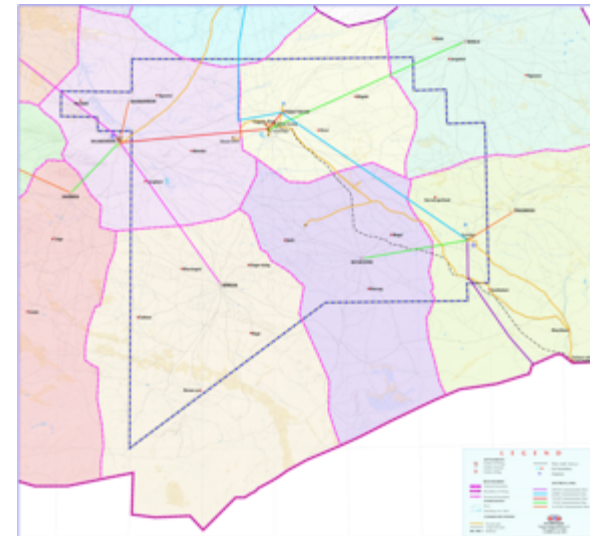


Multiple Market Opportunities

Export pipeline only one option for Nomgon PSC Gas

Other market channels include:

- Existing large-scale electricity transmission running through the PSC has large spare capacity
- The massive Rio Tinto operated Oyu Tolgoi mine (inside the PSC) needs new large scale - and local - power generation
- Mongolia has a growing economy with a desire to reduce pollution - Ulaanbaatar suffers from the world's worst airborne pollution
- The Asian Super Grid project plans large scale new transmission lines through the Gobi region where the Nomgon PSC sits
- Gas complements high-quality renewable resources in the Gobi



Investment Highlights

Elixir has a highly favourable risk-reward profile

- First CBM PSC in Mongolia, signed in 2018 with 10 year+ exploration term
- High Quality Board & Management with history of success in CSG
- Massive PSC with large prospective resources (Appendix 1)
- Capital efficient exploration process for CSG
- Strong relationships across Mongolia
- Fully funded initial exploration program underway
- Aiming to establish contingent resource by early 2020
- 100% ownership position maximizes optionality
- Multiple market channels, including fast growing Chinese gas market
- Gas symbiotic with high quality renewable resources demanded in Asia



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Appendix 1:

Independent Prospective Resource Report



- First **independent prospective resource** report completed by ERC Equipoise Pte Ltd (ERCE) using 2018 SPE PRMS standards¹
- 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%) <i>Probabilistic Calculations</i>	Unit	Low (1U)	Best (2U)	High (3U)
Unrisked Recoverable Prospective Resources	TCF	13.6	40.1	117.2
Geological Chance of Discovery		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 the 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.

¹Refer to ASX announcement dated 19 November 2018. The Company is not aware of any new information that materially affects the information in that announcement.

Appendix 2:

The Bowen and South Gobi Basins Compared



PROPERTIES	BOWEN BASIN (QUEENSLAND)	SOUTH GOBI (MONGOLIA)		COMMENTS
Seam thickness	Maximum single seam thickness 30m	>55m found in multiple locations	✓	World class seam thickness and hence very high GIP per acre
Gas content	7-14 m ³ /tonne in most productive areas	Up to 15m ³ /tonne at Tavan Tolgoi	✓	High gas content
Permeability	Varies from 2-600MD	Unknown, but coal samples show good cleat formation with no calcite	?	Requires corehole testing
Presence of coal at depth	Considered optimally productive down to 900-1,000m, with potential deeper	Vast acreage position and evidence of substantial area with thick coal seams < 1,000m	✓	Compares favourably to world class CBM basins
Coal quality – 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	✓	Analysis shows VR consistent with coals that have undergone gasification

Appendix 3:

Road to Contingent Resource Booking



	ACTIVITY	OUTCOME	RESOURCE CATEGORISATION UPON SUCCESS
COMPLETED	Geological Modelling	40 TCF unrisked) Recoverable (Best Case)* COS: 19% *	Prospective Resource (Lead) ¹
	Additional Data from Mineral Exploration Programs	More evidence of coal - COS could increase	Upgrades Prospective Resource ²
REMAINDER OF 2019	2D Seismic Acquisition	Map coal over a larger area	Upgrades Prospective Resource ²
	Core Drilling and Core Recovery	Total Gross Coal thickness	Success case delivers a DISCOVERED PETROLEUM ACCUMULATION which could be a Contingent Resource ² – this will be independently verified around year end
	Laboratory Core Desorption	Gas Content and Gas Composition & Adsorption Isotherm (gas saturation)	
	Core Proximate Analysis	Dry Ash & Moisture Content	
	Wireline Logging	Total net coal thickness and distribution	
	Drill Stem Testing and Injectivity	Flowability and permeability measurements	

* Refer Appendix 1

¹ Independently Verified by ERCE

² Internal estimate