

26 May 2020

EXCEPTIONAL SUPPORT FOR SPP**HIGHLIGHTS**

- Share Purchase Plan massively over-subscribed
- Scaled back on a pro-rata basis with a minimum \$2,500
- Additional funds to be invested in an expanded delineation/exploration program

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to announce that it has received Share Purchase Plan (SPP) applications totaling over \$2.9 million.

Given the successful first stage of the Company’s exploration campaign earlier this year and the successful containment of COVID-19 in Mongolia, the Company recently decided to raise funds of around \$2 million so as to expedite its delineation and exploration efforts. The aim was to raise around 2/3rds of this money from a placement (with Director participation) and the balance from a SPP. In placing the shares the Company sought \$1.25 million as a minimum. However, the placement was oversubscribed with bids received in excess of \$2 million (i.e. more than the combined total target).

Rather than cancelling the planned SPP, the Board decided to scale back the aforementioned placement to \$1.65 million (plus \$100,000 earmarked for directors and which would be subject to shareholder approval at the Company’s next General Meeting). This decision was to give all existing shareholders the chance to participate in what the Board thought was an attractive investment opportunity. The SPP booklet outlined that the Company was seeking a target of \$250,000 from the SPP.

It has become clear that the existing Elixir shareholders shared the Board's view that this was an attractive investment opportunity by subscribing for over \$2.9 million in the SPP. This meant that if all subscriptions were accepted the SPP alone would raise more than the original combined target of \$2 million. In these circumstances the Board needed to consider the issue of equity for the placees (given their expectations of the dilutionary impact of the following SPP) whilst ensuring existing shareholders’ expectations of the SPP were met at least in part.

Using its discretion under the terms of the SPP, the Board has therefore decided to cap the SPP at approximately the same figure as the placement (ex-Directors) of \$1.65 million.

Eligible applying shareholders have been allocated a number of SPP shares equal to 75% of the numbers of shares held on the Record Date (“Pro Rata Amount”) subject to the following:

- A minimum allocation of \$2,500, being the smallest amount that could be applied for under the SPP).

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- If the application was for less than the Pro Rata Amount, then the application amount will stand, up to the maximum of \$30,000.

In order to share the scale-backs being made to other shareholders, the Directors have volunteered to reduce the amount to be sought under the placement, as noted above, by half.

The combined total amount raised by the Company will therefore be \$3.35 million (assuming the Director placements are approved and before the costs of the capital raising).

Without being too prescriptive at this stage, given the ability to react to new data as it is garnered, the additional funds will be used to expand the upcoming exploration/delineation campaign, due to commence in early July, to include;

- Locking in the targeted 2D seismic program and potentially increasing its coverage.
- Drilling further exploration strat-holes in both the Nomgon sub-basin and in new sub-basins outside this area.
- Possibly following up a successful strat-hole with one or more fully tested core-hole.

A presentation expanding upon the upcoming campaign will be released next month.

Elixir's Managing Director, Mr Neil Young, said: *"The Board is delighted to receive such an exceptional show of support from the Company's shareholders and has sought to treat all stakeholders equitably in the overall capital raising process. The additional monies will bring forward the Company's exploration/delineation plans by around a year – notwithstanding the unique and difficult global circumstances. I'm sure all shareholders will join us in eagerly awaiting the imminent drilling campaign."*

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.