

29 July 2020

NOMGON-2 UPDATE**HIGHLIGHTS**

- Total depth (TD) of Nomgon-2 called at 550 metres
- Logging has confirmed 91 metres of net coal, including 51 net metres in the main seam
- Cores currently being tested for gas content – preliminary data is consistent with Nomgon-1
- Six IFOT permeability tests successfully ran – results to follow

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to provide an update on its Nomgon-2 appraisal well.

Total depth of the Nomgon-2 well was recently called at 550 metres. Logs have been run and measured 91 metres of net coal in the well. The main “100 series” coal seam was measured as having 51 net metres of coal. The measurements are vertical intersections along hole, on the southern limb of the Nomgon syncline.

Gas content from numerous cores taken from the well is currently being measured in an on-site laboratory. Preliminary results to date are consistent with the Nomgon-1 well (announced on 26 February 2020 as Mongolia’s first coal seam gas discovery). The “raw” gas content numbers will be announced in the weeks to come. The final “dry ash free” (DAF) figures, and the results of adsorption analysis, will follow thereafter, as the current logistics of cross border laboratory tests allow.

Down-hole permeability testing has been undertaken using an “injectivity fall off test” (IFOT) process (as was used at Nomgon-1). Six separate tests have been successfully run so far, with a combination of the Company’s Mongolian sub-contractors, on-site expat supervision and on-line oversight from Australia delivering a highly effective process. Results from these will also be announced in the weeks to come.

The next phase of the Company’s appraisal program in the Nomgon sub-basin will comprise the drilling of further step-out appraisal wells. The first well will test the northern limb of the Nomgon syncline. These wells will be low cost stratigraphic wells with various objectives and with a range of risk profiles. The results from these will be progressively reported in the following weeks and months.

After these appraisal wells the Company will move to new potential CBM hosting sub-basins in the PSC to drill stratigraphic exploration wells. Well locations will be determined post the current 2D seismic program and will incorporate the findings of both of the 2019 and 2020 seismic programs and more recent field work.

ASX ANNOUNCEMENT



Elixir's Managing Director, Mr Neil Young, said: *"We are delighted with the results to date of the Nomgon-2 appraisal well, which has a thicker overall coal tally even than the exceptionally thick coals at Nomgon-1, and has added materially to the confirmed areal extent of the Nomgon-1 discovery. It is therefore an important well in terms of adding to our contingent resource asset base and setting a great foundation for the ongoing appraisal work in the Nomgon sub-basin. The Board's congratulations goes out to our in-country team for a safe and seamless operation even under current COVID-19 limitations."*

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.