

15 July 2020

## OPERATIONS UPDATE

### HIGHLIGHTS

- Seismic acquisition 46% completed
- Nomgon-2 well drilling ahead on schedule and already intersecting coals
- Additional disclosure on prior material exploration results

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to provide an update on its current field operations in Mongolia’s South Gobi region.

The Nomgon-2 appraisal core-hole well has made good progress since its spudding last week and remains on track to reach its target depth within the next two to three weeks. Encouragingly, coals have already been intersected.



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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 km<sup>2</sup> PSC was executed in September 2018 and has a 10+ year exploration period.

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The Company's seismic acquisition program has also made excellent progress, with 49 kilometres of the total planned 106 kilometres now having been acquired. As illustrated below, the sub-contractors have often worked overnight, to take shelter from the relatively hot summer conditions and to minimize possible wind noise interference.



The ASX has advised Elixir that its announcement of 8 July 2020 (*"Fully Gas Saturated Coals"*) should be considered a "material exploration result" under ASX Listing Rule 5.30 and that accordingly the information provided in Appendix 1 of Elixir's ASX announcement of 26 February 2020 (*"Coal Seam Gas Discovery at Nomgon-1"*) should be updated and re-issued. Further data on the adsorption analysis by SGS is also provided. See the updated Appendix 1 below.

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Elixir's Managing Director, Mr Neil Young, said: *"Although its early days in our month's long appraisal and exploration program, its very encouraging to see our team and local contractors have commenced their work without missing a beat."*

By authority of the Board:

**Neil Young** - *Managing Director*  
*Elixir Energy Ltd (ABN 51 108 230 995)*  
*Level 10, 50 Pirie Street*  
*Adelaide SA 5000, Australia*

For further information on Elixir Energy, please call us on +61 (8) 7079 5610, visit the Company's website at [www.elixirenergy.net.au](http://www.elixirenergy.net.au)

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## Appendix 1 - requirements applicable to reporting material exploration and drilling results

Item	Description	Reporting
(a)	The name and type of the well	Nomgon 1 CSG core-hole
(b)	The location of the well and details of the permit or lease in which the well is located	Lat 042/52/33.9; Long 105/27/46.4 Nomgon IX CBM PSC
(c)	The entity's working interest in the well	100%
(d)	If the gross pay thickness is reported for an interval of conventional resources, the net pay thickness	Logging has measured net coals of 71m with the thickest seam (called the series 100 seam) having an interval thickness of 49m (which the well site geologist previously measured at 51m). Although further detailed analysis is required to refine the definition of "net coals in this well, current estimates of a cut-off point give a net coal measuring 37.4m. The coal measures are structured synclinally – the above figures are the drilled thickness and are not adjusted for dips
(e)	The geological rock type of the formation drilled	Permian coals
(f)	The depth of the zones tested	IFOT tests carried out at 270-282 metres, 372-390 metres and 390-402 metres. Post the corehole being abandoned, one crushed core in the main "100 series" coal seam was sent to SGS in Beijing, China for isothermal adsorption analysis.
(g)	The types of test(s) undertaken and the duration of the test(s)	Permeability testing using an injectivity fall off test (IFOT) tool. Each test took around 8 to 12 hours. The test interpretation directly measured Kh for the interval tested, which ranged from 1.2 to 23.3 millidarcy-metres. The post well adsorption analysis was undertaken from a desorbed core sample between 384.15m and 384.45m MD.
(h)	The hydrocarbon phase(s) recovered in the test(s)	Gas been recovered by wellsite gas desorption laboratory analysis. This gas was then analysed in a gas chromatograph and determined to be dominantly methane (CH <sub>4</sub> ). Recordings were made over the gross interval 270.90m to 456.91m. In total, 42 samples were taken. The results delivered raw gas contents from 0.6 to 7.4 m <sup>3</sup> per tonne. The readings were seen to increase with depth, which is generally the case. The thickest and most prospective coal seam ("100 series") extended from 373.0m to 423.6m (logger), and measured raw gas from 2.4 to 7.5 m <sup>3</sup> per ton, with an average raw gas content of 5.3 m <sup>3</sup> per tonne. As announced the Company's ASX announcement of 26 June 2020, the average dry ash free ("DAF") gas content measured in the main "100 series" coal seam was 8.9m <sup>3</sup> /tonne. The adsorbed gas content (allowing for moisture, ash content and methane content) is 9.2 m <sup>3</sup> /tonne for the single sample analysed in the "100 series" coal at the interpreted reservoir pressure.
(i)	Any other recovery, such as, formation water and water, associated with the test(s) and their respective proportions	Not applicable
(j)	The choke size used, the flow rates and, if measured, the volumes of the hydrocarbon phases measured	Not applicable
(k)	If applicable, the number of fracture stimulation stages and the size and nature of fracture stimulation applied	Not applicable
(l)	Any material volumes of non-hydrocarbon gases, such as, carbon dioxide, nitrogen, hydrogen sulphide and sulphur	Preliminary gas composition analysis conducted in Mongolia in a gas chromatograph determined the desorbed gas to be predominantly methane, with an adjusted CH <sub>4</sub> volume of 81% on average (adjusted air free basis) – with the balance being CO <sub>2</sub> . The company plans further more detailed composition analysis in due course upon the completion of desorption testing.

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(m)	Any other information that is material to understanding the reported results	The analysis of adsorbed gas content, combined with the desorbed gas, IFOT testing, proximate analysis and gas chromatography indicate that the "100 series" coal seam is close to fully saturated.
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