

8 July 2020

FULLY GAS SATURATED COALS

HIGHLIGHTS

- Main coal seam interpreted to be fully gas saturated
- Adsorption results from SGS laboratory in China
- Test results favourable for future pilot and production phases
- Spud of Nomgon-2 well is imminent

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to provide an update on its laboratory adsorption testing results.

The final key laboratory test results from the Nomgon-1 well (which was announced as being a coal seam gas discovery on 26 February 2020) have now been completed.

Travel and other restrictions due to COVID-19 delayed the volume and timing of transmission of coal samples to an international standard SGS laboratory in China for some months, but moving forward this is expected to be smoother. Due to these limitations, only one sample was analysed in the main “100 series” coal seam, but a broader range of samples will be tested in future.

The resultant adsorption isotherm data derived from this main seam test, combined with the wellsite desorption analysis, proximate analysis, gas chromatography and Injectivity Fall Off Testing (IFOT), are interpreted to indicate this main coal to be near fully gas saturated.

Although there is a complex interaction between the multiple different factors that characterize a coal seam gas play, the potentially very positive consequences of full gas saturation for a coal seam gas play can be summarized as follows:

- Pilot production design could be substantially simpler and cheaper. Presuming a successful appraisal campaign in 2020, Elixir will aim to conduct a pilot production test in 2021.
- Production testing should be characterized by early gas production, not a lengthy water producing phase to induce pressure draw-down and gas breakthrough.
- Water management issues in the development phase could become simpler and cheaper, hence significantly improving gas production economics.

The Nomgon-2 well is due to spud very shortly. This well is intended to produce the same suite of test results as its predecessor Nomgon-1. These results will become progressively available after the well reaches its target depth and samples are either analysed on-site or sent to laboratories in Mongolia and China.

ASX ANNOUNCEMENT



Elixir Energy

Elixir's Managing Director, Mr Neil Young, said: *"Identifying fully gas saturated coals in Nomgon-1 is an excellent result, given the very positive consequences this should have for coal seam gas pilot production testing and ultimately a field development. Nomgon-1's very thick coals that have now been identified as being fully gas saturated suggest a potentially very energy intensive per acre resource has been found."*

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

ASX CODE: EXR

www.elixirenergy.net.au

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.