



Elixir Energy

ASX ANNOUNCEMENT

ASX : EXR

12 September 2022

CBM OPERATIONS UPDATE

HIGHLIGHTS

- First well spudded for Nomgon Pilot Production Program
- Big Slope-1 intersects new coal accumulation
- Tender awarded to new drilling contractor with improved drilling capabilities

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to provide an update on the coal bed methane (CBM) exploration/appraisal program underway across its 100% owned Nomgon IX CBM Production Sharing Contract (PSC).

Pilot Production Program

Operations in the Nomgon Pilot Production Program commenced last week with the spud of the Nomgon-8 well. The surface conductor pipe has been installed, and drilling commenced on Saturday 10th September. As previously reported, the 2 pilot wells (Nomgon-8 and Nomgon-9) will be drilled by Major Drilling and reach a total depth of ~ 600m respectively in 8 ½” hole, with well planning and casing sizes similar to that of most Australian CBM wells.



Major Drilling Rig at Nomgon-8

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It is anticipated the two well drilling program will take less than 30 days, with pilot production testing operations to begin within weeks of the wells being completed. All testing equipment (pumps, casing, generators, etc) is on site.

As is the norm with CBM wells, water will initially be produced until the reservoir pressure is lowered and gas is able to be desorbed and flow. The gas will be flared during the production test. The timetable for this is uncertain, given this is the first such test in the sub-basin.



Sunset over the mud system at Nomgon-8

Elixir will also be initiating a baseline environmental monitoring program in the immediate region surrounding the pilot area, which is over and above the relevant regulatory requirements. This is the first time these have been used in the Gobi



Newly installed soil monitoring bore

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Exploration Drilling Program

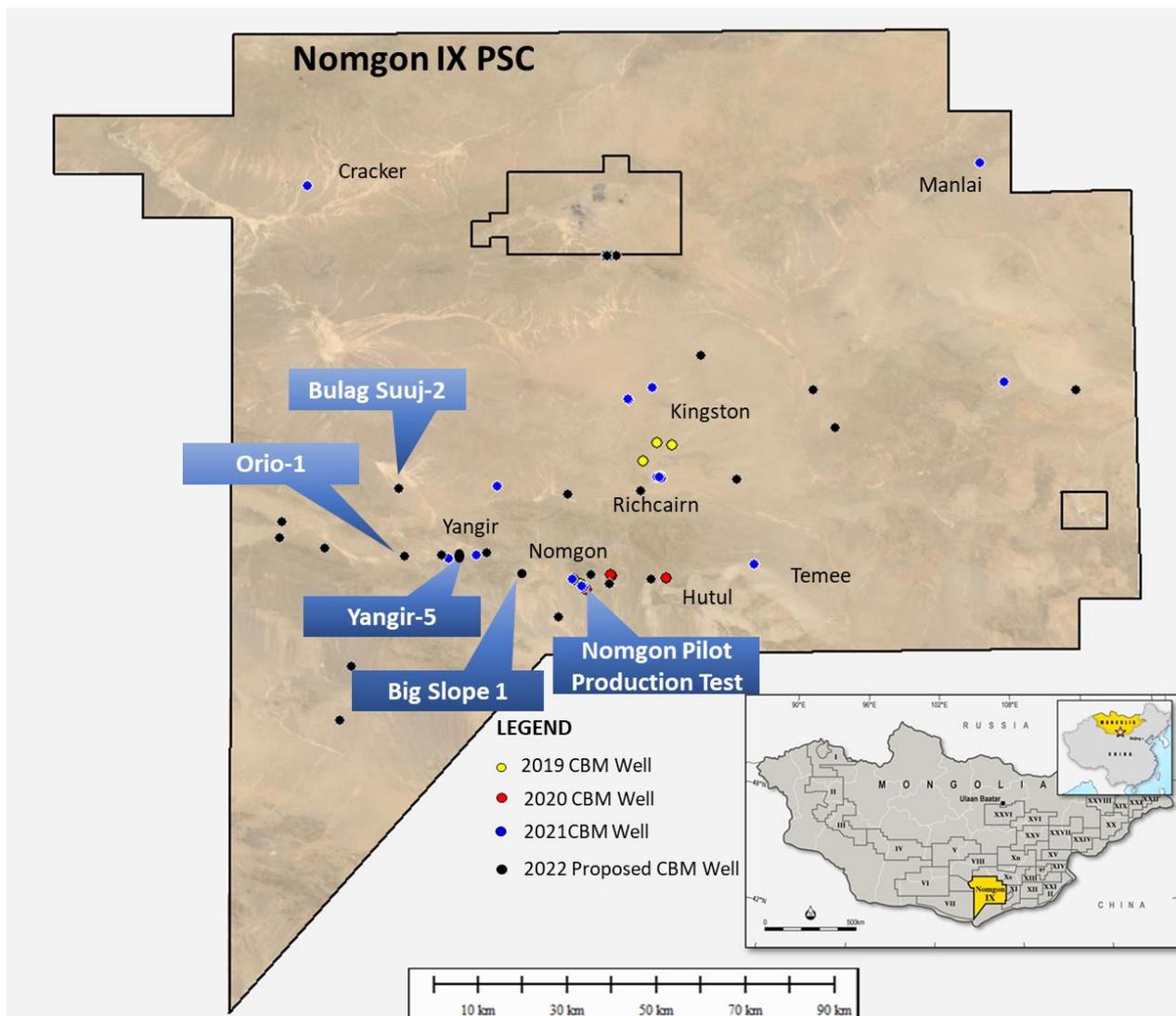
The Company's exploration program continues to utilize 3 local drilling rigs. In an effort to improve drilling performance, in the past month Elixir has publicly tendered for an additional, more technically advanced drilling rig to join the exploration campaign.

Elixir is pleased to award the tender to Major Drilling, who has proposed to introduce a larger mineral-style rig, with an advanced mud system and superior drilling supervision, at a cost effective price.

Drilling operations using this new rig should commence within the next few weeks.

Exploration and appraisal wells

Since the last CBM Operations Update of late July, the Company has drilled the Bulag Suuj-2, Yangir-5, Orio-1 and Big Slope-1 wells.



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Nomgon IX Location Map

Bulag Suuj-2 determined that the coals intersected at Bulag Suuj-1 were deeper than 1,000 metres at this down-dip step-out location. The Orio-1 and Yangir-5 wells failed to reach their target depths due to various drilling problems.

Big Slope-1 is still drilling at the date of the report and has already cored ~10 metres of coal. Visible gas was seen associated with the coals, and, subject to final logging, appears to represent a new CBM discovery for Elixir.



Big Slope 1 well-site

Elixir's Managing Director, Mr Neil Young, said: *"Our pilot production project has been a key focus for our technical and operational teams for over a year now – given the COVID and other logistical issues surrounding bringing in equipment from multiple countries. It is therefore great to see operations commencing - and our planned gas flows are hopefully now only a matter of months away. We have put in place various measures to improve our exploration drilling performance. This is a natural ongoing process in a country which is new to CBM and will be an area of continuous performance improvement."*



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By authority of the Board:

Neil Young - *Managing Director*

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