



Elixir Energy

ASX ANNOUNCEMENT

ASX : EXR

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GRANDIS GAS PROJECT UPDATE

HIGHLIGHTS

- Land access agreement executed
- Contractor selection process well supported
- Daydream-2 appraisal well on track for drilling year end 2023
- Evolving Federal Government emissions policies support Grandis

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to provide an update on its 100% owned Grandis Gas Project located in Queensland’s Taroom Trough, which is proximate to the Wallumbilla gas hub.

Elixir and a local landowner have executed the land access agreement for the Daydream-2 well (called a Conduct and Compensation Agreement – a CCA – in Queensland). Well-site access has been designed to minimize the environmental footprint and requires minimal civil works.



Elixir’s Managing Director recently visiting the Daydream-2 well location



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Elixir will shortly proceed to drill a water well at the location to both provide water for the drilling operations and deliver the means to monitor local ground-water quality via an independent laboratory, to ensure the drilling of the well and its completion do not cause any environmental issues. Post Elixir's oil and gas operations, the well will be provided to the landowner for agricultural purposes.

A process of canvassing of expressions of interest from drilling and ancillary service providers has recently closed and interest has been strong. In parallel Elixir is negotiating with a drilling service company and a significant local operator about various forms of cooperation such as sharing mobilization costs.

The timing of the Daydream-2 well potentially hinges on the timing of the drilling activities of this other local operator and the rig becoming available. At this stage Elixir still assesses that Daydream-2 should be ready to spud at around the end of 2023.

Earlier this week the Federal Government announced changes to the Safeguard Mechanism - <https://minister.dcceew.gov.au/bowen/media-releases/safeguard-mechanism-one-step-closer-parliamentary-passage>

This mechanism regulates the emissions from certain larger industrial ventures in Australia (including gas developments). In this context Elixir notes:

1. The very low CO₂ (around 1%) in the raw gas in the Taroom Trough (as evidenced from open file data for producing assets in the region for which the Taroom Trough provided the source rocks). Such levels of CO₂ meet gas pipeline specifications - as such they are not removed as part of the gas development - and hence are not scope 1 or 2 emissions of the gas supplier.
2. Grandis' close proximity to existing transmission infrastructure allows for a lower emissions profile than for more distant supply options.
3. The existing electrical infrastructure in the region will facilitate the electrification of future gas developments, ranging from compressor stations to the drilling of wells. Backed by renewable energy power purchase agreements (PPAs), that option (not available in more remote areas) will facilitate a future gas development project with minimal scope 1 and 2 emissions.
4. The Government's agencies such as the ACCC and AEMO have recently noted a rapidly emerging shortfall between gas demand and supply on the East Coast. The new policy does not change demand – but arguably does reduce supply options. Advantaged projects such as Grandis are therefore placed in an even stronger competitive position.

Elixir's Managing Director, Mr Neil Young, said: *"Our Grandis Gas Project is proceeding well as we progress towards the drilling of the Daydream-2 appraisal well by the end of this year. This is a very high impact well where success will add material volumes of now even more competitive gas resources to a gas market that Government bodies such as the ACCC and AEMO notes will very soon be desperate for new gas supplies."*



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By authority of the Board:

Neil Young - Managing Director

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