



Elixir Energy

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ASX : EXR

20 December 2022

CBM OPERATIONS UPDATE

HIGHLIGHTS

- Pilot production test continuing - with promising early flow rates
- Drilling program for 2022 now completed
- 19 wells drilled in the year, delivered safely and on budget
- Big Slope area continues to deliver gas saturated coals

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 at the Nomgon pilot production plant continue. The Nomgon-9 well has seen growing (but currently unstabilised) water and gas rates, delivered through a variable choke. The produced water rates (which were low in the first place due to the high gas saturated nature of the coals) are decreasing and the casing (gas) pressure is steadily increasing. As indicated below, the flare from the well has been shielded for environmental, etc, reasons – but still extends above the shielding structure.



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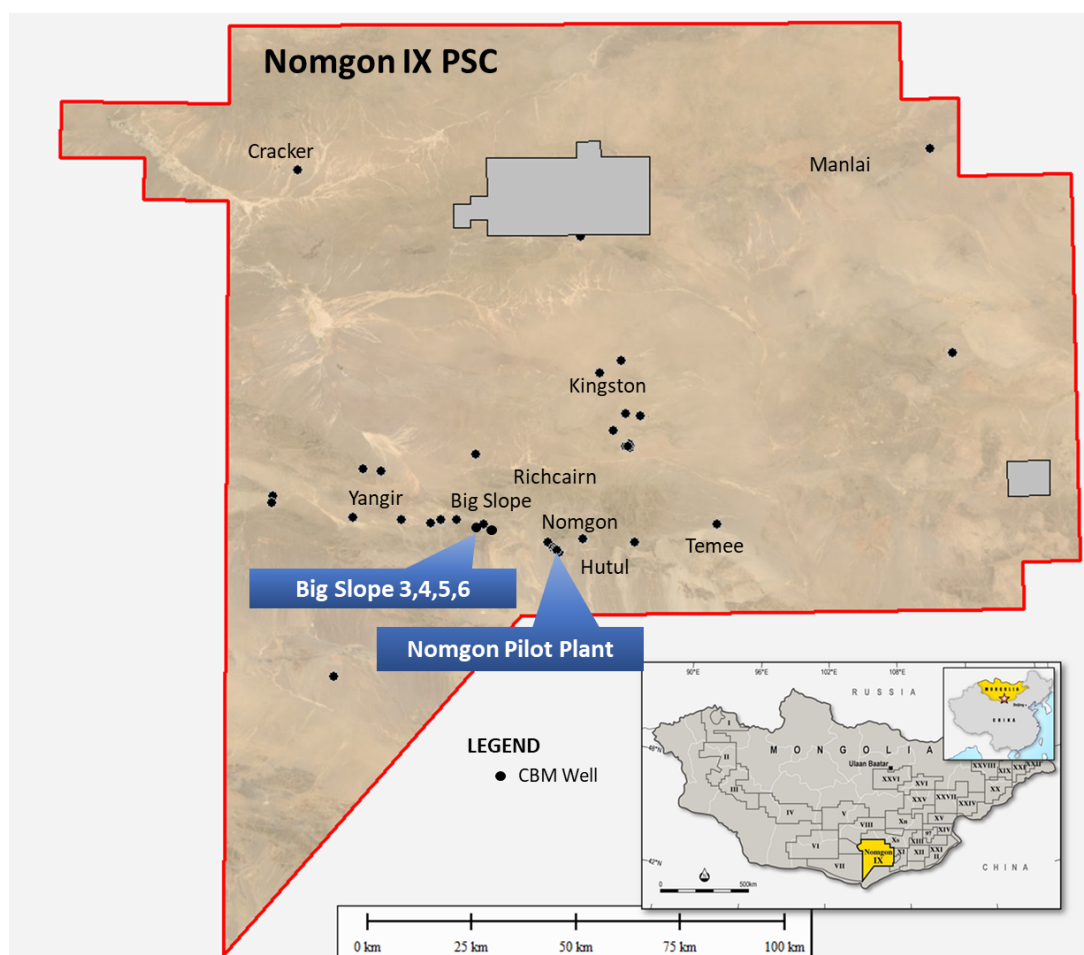
The Nomgon-8 well has just had a down-hole pump repaired and fluid from this well is now starting to be added to flows from Nomgon-9.

Gas samples from the flow tests have measured 99% methane content. The salt content of produced water at 4,190ppm is fresher than previously measured. Both factors support materially lower costs and environmental impacts in a development stage.

Production from the pilot will continue into the New Year and the Company's plan to determine if a commercial flow rate can be established is on track.

Exploration and Appraisal Drilling Program

The Company's exploration and appraisal drilling program for 2022 is now complete, with 17 wells drilled in the year (excluding the Nomgon-8 and 9 pilot wells).



Nomgon IX Location Map

In the last month, Elixir mobilized Major Drilling Company (Major) to drill the final two wells at Big Slope. Major introduced an enclosed mud system to the program, and drilled the last well, Big Slope-6, to a total depth of 460 metres in less than 10 days. This is the fastest rate of penetration Elixir has seen in the South Gobi Basin. The sophisticated mud system clearly improved hole stability.



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Big Slope-6 intersected 17 metres of coal, with desorbed gas rates in excess of 8 cubic metres per tonne (on a raw gas basis), which is the highest yet in the Nomgon IX PSC. Prior to this well, Major started its appraisal drilling campaign with the shallow well Big Slope-5. This well reached its total depth in basement at 214 metres, and intersected 2.4 metres of coal. The Top Diamond Drilling LLC rig completed its program at Big Slope-3 and 4, which intersected 28 and 59 metres of coal respectively.

In total, Elixir drilled 11,576 metres in 2022 in Nomgon IX. Analysis and interpretation of this program is underway and will supplement the emerging results of the pilot program as the key inputs for the Company's Mongolian CBM plans in 2023.

Elixir's Managing Director, Mr Neil Young, said: *"Establishing pilot production at Nomgon has been the key focus for our CBM project in 2022, and appears to be delivering a very positive result to date. Stabilised gas flow-rates are expected early in 2023. Although Major Drilling started late in the year, at a time of very adverse weather conditions, the application of new drilling systems has paid dividends. Our wells at Yangir and Big Slope can now be drilled more quickly and with greater confidence."*

Finally, as we complete our field program for 2022, I would like to pay tribute to our Mongolian field and contractor teams, who have delivered this program safely and responsibly. Weather conditions in the South Gobi are now routinely below minus 20 degrees, yet our group have performed tirelessly in these hostile conditions".

By authority of the Board:

Neil Young - Managing Director

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