



28 APRIL 2021

**QUARTERLY ACTIVITIES REPORT FOR THE
PERIOD ENDED 31 MARCH 2021**

HIGHLIGHTS

- 2021 work program commenced – a significant expansion on the prior year
- That program to now be accelerated – funded by a post quarter capital raise
- Gas-fired electricity generation offtake project announced

MANGAGING DIRECTOR'S REPORT TO SHAREHOLDERS FOR THE QUARTER

As the energy transition towards a less carbon intensive future accelerates globally, it is timely to consider what the implications are for Elixir's strategy of exploring for natural gas just North of the Chinese border.

We conclude that we are exceptionally well placed to benefit from many of the various aspects of the energy transition, in the following areas:

- Last week China's President Xi announced that the country will strictly limit any increases in coal consumption over the next five years and start to phase out its use from 2026 – on a journey to net carbon neutrality by 2060. It is our view that this will provide major market openings for gas.
- Earlier this month Russia's Gazprom announced its approval of a feasibility analysis of a pipeline route through Mongolia for its planned Power of Siberia 2 pipeline (located just to the East of the Nomgon IX CBM PSC). This very large planned pipeline could provide third party infrastructure access to the Chinese gas market for us.
- Earlier this month global energy giant Shell published its *Energy Transition Strategy* with a view to putting it to its shareholders for endorsement. A key part of the strategy is to grow the share of gas in Shell's total hydrocarbon production – in clear recognition of the lower carbon intensity of gas compared to other fossil fuels and hence a global shift to greater gas use.
- European Energy Super-Majors ENI and Total have in the last few months joined their peers such as BP and Shell in forming downstream gas joint ventures in China, as the country's gas market liberalizes and sets itself up for major growth. Such ventures will naturally seek low cost and diverse gas supply options.

- In Australia (and globally) we see a growing wave of material Government and large company support for investment in using hydrogen as a clean energy vector. However, the physics involved in moving hydrogen between large distances – particularly between continents – means that is extremely expensive to do so – far more than moving equivalent quantities of natural gas. This means that potential sources of hydrogen immediately adjacent to energy markets will be highly favoured.

It can therefore be seen that Elixir's strategy of focusing on exploring for natural gas just North of the Chinese border has obvious potential synergies with evaluating hydrogen (blue and green) production related opportunities in the same location. Our core assets and skill sets include dealing with multiple levels of Government, local communities and potential energy markets – all as relevant to renewable energy and hydrogen production as they are to gas exploration.

At the start of this year we set up a new subsidiary in Mongolia – GOH Clean Energy LLC – to look at potential complementary clean energy related ventures in the area of our existing operations. Mongolia's South Gobi region is blessed by high quality renewable resources – which in future could be exported as electricity - or in the longer term as hydrogen (targeting for instance the massive Chinese steel industry as a coking coal replacement).

A recent first small investment by GOH Clean Energy has been the purchase of a SODAR (Sonic Detection and Ranging) unit from Australian company Fulcrum3D. This equipment is used to measure wind and solar resources in a low cost but bankable and flexible fashion. This will be the first SODAR to be brought into the country (it is currently being shipped and is due to arrive shortly – it will then be deployed in the South Gobi).



GOH Clean Energy's SODAR being dispatched to Mongolia

ASX ANNOUNCEMENT

We recently announced to the market various elements of a modular gas fired generation project. These included a supportive MOU from Mongolia's Ministry of Energy, a foundation independent contingent resource report covering the feedstock required for the initial project and an Agreement with expert gas engine EPC providers Clarke Energy.

Elixir is thus increasingly positioning to be not only a gas explorer, but a Company with growing capabilities and optionality in the downstream energy sector – in a location which we consider has many exceptional qualities for clean energy exports of multiple types.

We have recently obtained new capital to support a major expansion of our gas exploration and appraisal program. This has been done with a view to accelerating our journey to development and production by around two years. Our Nomgon IX CBM PSC is vast in size and this expanded program will include many more wells and seismic.

As at the date of this report, Elixir has drilled 12 wells in the PSC – 11 of which intersected coal. We consider this an exceptional strike rate for any region, let alone one of the sheer size and under-explored nature of our PSC. The exploration and appraisal processes for CBM are naturally exposed to geological variation for each particular well – it is the overall results from a total program which will determine success.

We are very well placed in all the areas required for such success – ample funding, foundation discoveries made to date, a strong in-country team and relationships, our Australian technical team, and multi-dimensional down-stream optionality.

Mongolia is currently addressing a very high rate of community transmission of COVID-19 and is seeking to ameliorate this in the immediate term through mechanisms such as lock-downs and restrictions on movement. The country has been remarkably successful in obtaining vaccines from its Northern, Southern and "third" neighbours and plans to vaccinate its entire adult population within the next few months. As that program rolls out, current restrictions should lift in parallel, hence allowing our expanded work program to accelerate.

MONGOLIAN GAS EXPLORATION – 100% INTEREST IN CBM PSC

Elixir Energy Limited (“Elixir”) has a 100% interest in the Nomgon IX CBM PSC, located proximate to the Chinese border in Mongolia’s South Gobi region. The 30,000 square kilometre PSC was entered into with the Mongolian Government in September 2018 and has a minimum ten year exploration period and a thirty year (extendable) production period.

During the quarter the Company undertook exploration and appraisal work on the PSC, with a focus on the following areas:

- Securing approvals from petroleum and environmental regulators for the 2021 work program.
- Contracting drilling and seismic contractors for the 2021 programs through a competitive process.
- Drilling the Yangir-2S core-hole well. The key results from the Yangir-2 core-hole were obtained in April, and included: the logging of 17 metres of net coal; measuring raw gas contents ranging from 4.2 to 7.0 m³/tonne; and, measuring gas composition of 99% methane.
- Preparing for the seismic acquisition program, which commenced in April.
- Planning for an expansion of the original 2021 program.

All work was undertaken safely, without environmental incident and in accordance with COVID-19 related protocols.

Post the end of the quarter, the Company made an announcement about the Nomgon Power Project, including such elements as a maiden independent contingent resource report over the gas feedstock for the project and supporting commercial agreements with the Ministry of Energy and Clarke Energy.

OTHER ASSETS

Elixir’s only remaining legacy interest outside of the Nomgon PSC is a long established US domiciled subsidiary that holds an escrowed cash bond pledged to a third party worth ~US\$0.6 million, covering a possible abandonment liability of a similar amount.

CORPORATE AND FINANCIAL

Capital raising

During the quarter the Company issued ~1 million shares as compensation for services rendered.

Post the end of the quarter (but prior to the issue of this report), the Company announced the successful closing of a placement under which 27,778,778 shares were issued at a price of 36c/share, raising \$10 million (before costs). A Share Purchase Plan is currently open (closing on 7 May 2021) under which the Company has targeted a further raise of \$20 million (on the same terms of the placement). The outcome of the SPP will be advised on or around 12 May 2021. The final amount raised may be more or less than this figure.

Changes in Issued Capital

	Number
Opening ordinary shares 1 January 2021	809,998,070
Shares issued for services	1,153,846
Closing ordinary shares on 31 March 2021	811,151,916

The fully diluted equity structure of Elixir as at 31 March 2021 was as follows:

ASX ANNOUNCEMENT

Security type	Number
Ordinary shares	811,151,916
Class C performance rights	16,000,000
Unlisted employee options	11,380,000

Financial

Elixir's cash reserves as at 31 March 2021 were \$8.2 million. The Company has no debt.

During the quarter, the Company spent \$0.769 million on exploration activities, primarily on annual Government rents & fees, drilling and other ancillary costs.

Board and Management

No changes to Board and Management occurred in the quarter.

Annual and other General Meetings

No General Meetings were held during the quarter.

Appendix 5B Disclosures

The attached Appendix 5B includes an amount of \$165,194 in items 6.1 and 6.2 (total) which constitutes compensation for the Managing Director and non-executive director fees paid during the quarter. In addition, \$35,945 was paid to Key Management Personnel for services provided. There were no other related party transactions.

SUMMARY OF PETROLEUM TENEMENTS HELD AS AT 31 MARCH 2021

	% Interest	Tenement	Location
Held at end of quarter	100%	Nomgon IX CBM PSC	Southern Mongolia
Acquired during quarter	-	-	-
Disposed during quarter	-	-	-

By authority of the Board:

Neil Young - *Managing Director*
Elixir Energy Ltd (ABN 51 108 230 995)
Unit 3B Level 3, 60 Hindmarsh Square
Adelaide SA 5000, Australia

For further information, please visit the Company's website at www.elixirenergy.com.au

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity		
Elixir Energy Limited		
ABN		Quarter ended ("current quarter")
51 108 230 995		31 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities	-	
1.1	Receipts from customers		
1.2	Payments for	-	
	(a) exploration & evaluation (if expensed)		
	(b) development	-	
	(c) production	-	
	(d) staff costs	(109)	(386)
	(e) administration and corporate costs	(297)	(570)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	3
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	-	46
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(405)	(907)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised) exploration rent and other local fees	(769) -	2,262 -

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) investments		
	(f) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(769)	(2,262)
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9	8,074
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(6)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	7	8,068
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	9,373	3,299
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(405)	(907)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(769)	(2,262)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7	8,068
4.5	Effect of movement in exchange rates on cash held	(12)	(4)
4.6	Cash and cash equivalents at end of period	8,194	8,194

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	8,174	9,353
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8,194	9,373

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	127
6.2	Aggregate amount of payments to related parties and their associates included in item 2	39

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Total payments of \$166k to related parties for the quarter consisted of:

- non-executive directors' fees and executive director salaries in item 1 \$109k
- Capitalised executive directors' salaries in item 2 \$39k
- Key Management fees in item 1 \$18k
- Key Management fees in item 2 \$6k

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(405)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(769)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,174)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	8,194
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	8,194
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	6.98
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

30 April 2021

Date:

By the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – e.g. Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.