



Elixir Energy

**Interim Report
for the half-year ended 31 December 2020**

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Corporate Directory

Directors

Mr Richard Cottee
Mr Neil Young
Mr Stephen Kelemen
Ms Anna Sloboda

Non-Executive Chairman
Managing Director
Non-Executive Director
Non-Executive Director

Company Secretary

Ms Victoria Allinson

Registered Office

3B, Level 3
60 Hindmarsh Square
Adelaide SA 5000
South Australia

Auditors - Australia

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco 6008
Western Australia

Bankers

National Australia Bank Limited
Level 9
22 King William Street
Adelaide 5000
South Australia

Share Registry

Automic Registry Services
Level 5,
126 Phillip Street
Sydney 2000
New South Wales

Stock Exchange Listing

Australian Securities Exchange code: EXR

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Directors' Report

DIRECTORS

The names of the Directors of Elixir Energy Limited in office during the financial period and at the date of this report are:

Director	Position	Date appointed	Date resigned
Richard Cottee	Non-Executive Chairman	29 April 2019	-
Neil Young	Managing Director	14 December 2018	-
Stephen Kelemen	Non-Executive Director	6 May 2019	-
Anna Sloboda	Non-Executive Director	1 October 2020	-
Bayanjargal Byambasaikhan	Non-Executive Director	1 October 2019	14 July 2020

Other than as stated above, each Director held office from 1 July 2020 until the date of this report.

PRINCIPAL ACTIVITIES

Elixir Energy Limited and its subsidiaries ("Group") is an exploration Group now 100% focussed on coal bed methane ("CBM") exploration and development in Mongolia. Further details are provided in the Review of Operations.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the financial period ended 31 December 2020 (2019: Nil).

REVIEW OF OPERATIONS

Operating Results

For the financial period ended 31 December 2020, the Group recorded a net loss from continuing operations after tax of \$990,638 (December 2019: \$1,211,060). The loss was lower than the prior period.

At 31 December 2020, the Group held cash totalling \$9,206,507 (June 2020: \$3,298,847).

Operations Review

During the period, the Group's primary focus was on exploration in its 100% owned Nomgon IX CBM Production Sharing Contract (PSC) in Mongolia.

Project

Mongolian project: Nomgon

The Group has a 100% interest in the Nomgon IX CBM PSC, located proximate to the Chinese border in Mongolia's South Gobi region. The 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. The work program undertaken in the PSC is summarised in the exploration section below.

A work program for 2021 has recently been approved by the petroleum regulator, the Mineral Resources and Petroleum Authority of Mongolia (MRPAM). This comprises an expanded exploration program using 2D seismic and drilling, together with a planned pilot production test in the area of the Nomgon sub-basin.

Exploration

During the period the Group: acquired 106km of 2D seismic; drilled one fully tested core-hole; and, drilled five strat-holes.

Other projects

The Company's only other asset is a bond and related liability associated with an old joint venture in Texas.

There have been no changes to other projects held by the Group during the period.

Changes in Capital Structure

On 27 July 2020, 1,350,000 ordinary shares were issued in lieu of services valued at \$27,000 (0.02 per share), under agreement dated 4 May 2020.

On 22 September 2020, 2,500,000 ordinary shares were issued to directors under the 11th May 2020 placement (0.02 per share) approved by shareholder on 16 September 2020.

From 28 August 2020 to 30 December 2020, 112,224,571 ordinary shares were issued on the exercise of 112,224,571 listed options at \$0.0679 per share.

On 31 December 2020 392,424 listed options expired.

New board member

On 1 October 2020, Mrs Anna Sloboda was appointed as a Non-executive Director, following the resignation of Bayanjargal Byambasaikhan.

Anna is a joint Belarusian/Australian citizen and has over 20 years' experience in corporate finance, and in developing junior resource companies operating around the world.

Anna is currently an Executive Director of Red Citadel Resources Pty Ltd, a private owned mineral resources exploration company with a range of projects in Africa and South America. She also serves as an Advisory Committee Member, Maritime Archaeology, at the Western Australian Museum.

Previously she was a co-founder of Trans-Tasman Resources Ltd, and in that capacity had substantial experience in dealing with Chinese off-takers and partners. Other prior employers include Lehman Brothers, Clough and Curtin University. Anna has a Master of Economics from Belarusian University and an Executive MBA from Melbourne Business School.

Belorussia and Mongolia are both ex-Soviet allied States, with ongoing strong linkages (language, cultural, political and economic) with Russia.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than those events noted above, there were no other significant changes in the state of affairs of the Group during the period that requires separate disclosure.

EVENTS SINCE THE END OF THE FINANCIAL PERIOD

The following event occurred subsequent to 31 December 2020 that will have a material effect on the Group.

In January 2021, the final listed options were exercised and 5,949,622 shares were issued.

The Board does not believe the COVID-19 pandemic will have any impact on the Group's ability to continue as a going concern nor any material impact on its current ability to explore in Mongolia.

There are no other events occurring after the end of the reporting period to disclose.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration is included on page 5 of the financial report.

Signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the *Corporations Act 2001*.



Neil Young
Managing Director
Adelaide, South Australia
11 March 2021

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ELIXIR ENERGY LIMITED

As lead auditor for the review of Elixir Energy Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Elixir Energy Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 11 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Elixir Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Elixir Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', written over a faint, light-colored BDO logo.

Dean Just

Director

Perth, 11 March 2021

Directors' Declaration

The Directors declare that:

- (a) The consolidated financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of the financial position as at 31 December 2020 and the performance for the half-year ended on that date of the consolidated entity;
 - ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that Elixir Energy Limited will be able to pay its debts as and when they become due and payable.
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 6 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 6.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Neil Young
Managing Director
Adelaide, South Australia
11 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	Consolidated	
	31 Dec 2020	31 Dec 2019
Note	\$	\$
Revenue from continuing operations		
Interest Income	1,688	8,670
Other	47,548	-
Loss on dissolution of subsidiary	-	(215,045)
Expenses		
Foreign exchange gain/(loss)	(166,904)	(169)
Share based payments expense	2 (102,863)	(305,062)
New ventures and business development	2 (9,639)	(12,055)
Directors fees	(377,295)	(206,841)
Interest expense	-	(420)
Administration expenses	2 (383,173)	(480,138)
Total expenses	(1,039,874)	(1,004,685)
Loss before income tax	(990,638)	(1,211,060)
Income tax expense	-	-
Loss attributable to owners of the Company	(990,638)	(1,211,060)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Foreign currency translation differences	98,363	205,343
Other comprehensive income/(loss) for the half-year, net of tax	98,363	205,343
Total comprehensive loss attributable to the owners of Elixir Energy Limited	(892,275)	(1,005,717)
Loss per share for the half-year		
Basic and diluted (loss) per share (cents)	(0.14)	(0.25)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2020

		Consolidated	
		31 Dec	30 Jun
		2020	2020
Note		\$	\$
Assets			
Current assets			
	Cash and cash equivalents	9,206,507	3,298,847
	Other receivables	39,372	52,075
	Total current assets	9,245,879	3,350,922
Non-current assets			
	Trade and other receivables	753,280	845,352
	Property, plant and equipment	-	1,020
3	Deferred exploration and evaluation expenditure	8,593,459	7,024,215
	Total non-current assets	9,346,739	7,870,587
	Total assets	18,592,618	11,221,509
Liabilities			
Current liabilities			
	Trade and other payables	668,950	138,165
	Employee benefits	56,565	27,768
	Total current liabilities	725,515	165,933
Non-current liabilities			
	Site rehabilitation provision	753,280	845,352
	Total non-current liabilities	753,280	845,352
	Total Liabilities	1,478,795	1,011,285
	Net Assets	17,113,823	10,210,224
Equity			
4	Issued capital	92,930,483	84,752,340
	Reserves	864,418	1,148,325
	Accumulated Losses	(76,681,078)	(75,690,441)
	Total Equity	17,113,823	10,210,224

The above consolidated financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

	Share Capital		Reserves			Total
	Ordinary Share Capital	Accumulated Losses	Share Based Payment Reserve	Listed Options	Foreign Currency Translation Reserve	
	\$	\$	\$	\$	\$	\$
Balance at 1 Jul 2020	84,752,340	(75,690,441)	554,260	889,111	(295,046)	10,210,224
Comprehensive income (Loss) for the half-year	-	(990,638)	-	-	-	(990,638)
Exchange differences on translation of foreign operations	-	-	-	-	98,363	98,363
Total comprehensive income/(loss) for the period	-	(990,638)	-	-	98,363	(892,275)
Transactions with owners, in their capacity as owners, and other transfers						
Share based expenses	-	-	102,863	-	-	102,863
Exercise listed options	485,132	-	-	(485,132)	-	-
Shares issued	7,697,047	-	-	-	-	7,697,047
Share issue costs	(4,036)	-	-	-	-	(4,036)
Total transactions with owners and other transfers	8,178,143	-	102,863	(485,132)	-	7,795,874
Balance at 31 Dec 2020	92,930,483	(76,681,079)	657,123	403,979	(196,683)	17,113,823
Balance at 1 Jul 2019	79,232,841	(74,352,682)	1,634,144	889,111	103,530	7,506,944
Comprehensive income (Loss) for the half-year	-	(1,211,060)	-	-	-	(1,211,060)
Exchange differences on translation of foreign operations	-	-	-	-	205,343	205,343
Total comprehensive income/(loss) for the period	-	(1,211,060)	-	-	205,343	(1,005,717)
Transactions with owners, in their capacity as owners, and other transfers						
Share based expenses	-	-	305,062	-	-	305,062
Shares issued	484,200	-	-	-	-	484,200
Share issue costs	-	-	-	-	-	-
Total transactions with owners and other transfers	484,200	-	305,062	-	-	789,262
Balance at 31 Dec 2019	79,717,041	(75,563,742)	1,939,206	889,111	308,873	7,290,489

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	Consolidated	
	31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities		
Payments to suppliers and employees	(669,320)	(508,761)
Net cash (used in) operating activities	<u>(669,320)</u>	<u>(508,761)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	(1,494,262)	(1,983,713)
Purchase of exploration bonds	-	-
Interest received	1,688	8,670
Interest paid	-	(420)
Purchase of property, plant and equipment	-	-
Net cash (used in) investing activities	<u>(1,492,574)</u>	<u>(1,975,463)</u>
Cash flows from financing activities		
Proceeds from issues of shares	8,065,219	263,200
Payments for share issue costs	(4,036)	-
Repayment of borrowing	-	-
Net cash provided by financing activities	<u>8,061,183</u>	<u>263,200</u>
Net increase/(decrease) in cash held	<u>5,899,289</u>	<u>(2,221,024)</u>
Cash and cash equivalents at beginning of financial period	3,298,847	4,354,678
Effect of exchange rates on cash holdings in foreign currencies	8,371	(9,610)
Cash and cash equivalents at end of financial period	<u>9,206,507</u>	<u>2,124,044</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Basis of Preparation

a) Statement of compliance

These financial statements are general purpose financial statements for the half-year reporting period ended 31 December 2020, which have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Elixir Energy Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding half-year reporting.

New or amended accounting standards and interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Significant accounting estimates and judgments for share based payments values

The Group estimates the probability of award of performance rights issued to key management personnel and other consultants and advisors by reference to the likelihood that the performance measures will be met by the holders of those performance rights as at the date at which they are granted. The probability is considered binary (100% or 0%) for each class of performance rights and only where there is a high risk of failure to achieve the performance measures will 0% be used (e.g. stretch targets).

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 1 July 2020 that have been applied by the Group. The 30 June 2020 annual report disclosed that the Group anticipated no material impacts (amounts recognized and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2020.

b) Going Concern

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. For the period ended 31 December 2020 the entity recorded a loss of \$990,638, cash and cash equivalents of \$9,206,507 and had net cash outflows from operating activities of \$669,320.

Management believes there are sufficient funds to meet the entity's working capital requirements as at the date of this report.

COVID-19 is not expected to have a significant impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that COVID-19 might have some impact, though not significant.

This interim financial report was approved by the Board of Directors on 11 March 2021.

	Consolidated Group		
	Note	31 Dec	31 Dec
		2020	2019
		\$	\$
2. Expenses			
Loss before income tax includes the following specific items:			
Share Based Payments Expense			
Options		102,863	73,192
Performance Rights		-	231,870
Total Share Based Payments Expense		<u>102,863</u>	<u>305,062</u>
Administration and office costs			
Corporate compliance		172,094	161,152
Corporate management costs		30,000	69,496
Rent of office space		4,978	9,600
Travel costs		6,371	54,036
General administration		169,730	185,854
Total administration and office costs		<u>383,173</u>	<u>480,138</u>
New ventures and business development			
New ventures – Mongolia		9,639	12,055
Total new ventures and business development		<u>9,639</u>	<u>12,055</u>

	Consolidated Group		
	Note	31 Dec	30 Jun
		2020	2020
		\$	\$
3. Deferred exploration & evaluation expenditure			
Mongolian Project			
Opening balance		7,024,215	3,444,364
Amount Capitalised during the period		1,479,256	3,592,464
Foreign Exchange Movements		89,988	(12,613)
Closing balance		<u>8,593,459</u>	<u>7,024,215</u>

Significant accounting estimates and judgments for impairment amounts

The future recoverability of exploration and evaluation assets is dependent on a number of factors, including whether the Group decides to exploit the related PSC itself or, if not, whether it can successfully recover the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of production, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

	Note	Consolidated Group	
		31 Dec 2020 \$	30 Jun 2020 \$
4. Issued Capital			
804,048,448 fully paid ordinary shares (June 2020: 687,973,877 fully paid ordinary shares)		92,930,483	84,752,340

	Number of shares		31 Dec 2020	30 Jun 2020
	31 Dec 2020	30 Jun 2020		
Balance at 1 July	687,973,877	487,204,039	84,752,340	79,232,841
Conversion of Performance Rights		17,500,000	-	-
Exercise of 3.2c Options		8,000,000	-	263,200
Share Placement & Share Purchase Plan May 2020 at 2c per share	2,500,000	165,003,171	50,000	3,300,063
Issue of shares for services	1,350,000	10,266,667	27,000	343,000
Reclass from SBP Reserve		-		1,684,726
Exercise of 6.79c EXROA	112,224,571	-	7,620,048	
Transfer of listed option reserve ⁽ⁱ⁾			485,131	
Share issue costs – options issued	-	-	(2,114)	(23,580)
Share issue costs - cash	-	-	(1,922)	(47,910)
Balance at 30 June 2020	804,048,448	687,973,877	92,930,483	84,752,340

(i) Listed Options

During the half year the company issued 112,224,571 ordinary shares as a result of the vesting of EXROA listed option. As a result of this share issue, listed option reserve of \$485,131 were transfer from the listed option reserve to issued capital.

	Note	Consolidated Group	
		31 Dec 2020 No.	30 Jun 2020 No.

5. Options and Performance Rights

As at period end the following Options and Rights over unissued ordinary shares are on issue.

Listed Options:

Opening Listed Options	118,566,617	93,462,537
Options granted	-	25,104,080
Options expired	(392,424)	-
Options exercised	(112,224,571)	-
Closing Listed Options	5,949,622	118,566,617

	Consolidated Group	
	31 Dec 2020 No.	30 Jun 2020 No.
Unlisted Options:		
Opening Unlisted Options	12,630,000	8,000,000
Incentive Options granted	-	12,630,000
Options expired	-	-
Options exercised	-	(8,000,000)
Closing Unlisted Options	12,630,000	12,630,000
Total Options	18,579,622	131,196,617
Weighted average exercise Price	\$0.009	\$0.071
Performance Rights:		
Opening Rights	16,000,000	17,500,000
Rights granted	-	16,000,000
Rights expired	-	-
Rights exercised	-	(17,500,000)
Closing Rights	16,000,000	16,000,000

Share options

At 31 December 2020 5,949,622 (30 June 2020: 118,566,617) Listed Options over unissued ordinary shares are on issue, and were subsequently exercised into 5,494,622 shares on 5 January 2021

At 31 December 2020 there are 12,630,000 (30 June 20: 12,630,000) Unlisted Options over unissued ordinary shares are on issue. During the half-year Nil Unlisted Options were exercised (30 June 2020: 8,000,000 at \$0.0329 per Option):

Issue date	Number	Exercise price	Expiry	Exercised
30 September 2019	5,000,000	\$0.10	29 September 2023	Vested
25 November 2019 ⁽¹⁾	5,000,000	\$0.10	24 November 2023	Vested
5 June 2020	2,630,000	\$0.10	4 June 2024	Not yet vested
Total	12,630,000			

All unlisted options vest after a one-year service period has been completed.

(1) On 21 January 2021 1,250,000 options were cancelled.

Performance Rights

At 31 December 2020 the following (June 2020: 16,000,000) Performance Rights are on issue. Shareholders approved the issue of the 16,000,000 on 20 August 2019.

Issue date	Number	Exercise price	Expiry	Vesting
Class C				
14 December 2018	7,500,000	\$nil	13 December 2023	(a)
30 September 2019	7,500,000	\$nil	29 September 2024	(a)
5 June 2020	1,000,000	\$nil	4 June 2025	(a)
Total	16,000,000			

Performance Rights Milestones and terms:

- a. Class C – Final investment decision approved by the Board and the Mongolian Government or a pilot production test within the PSC within 5 years of date of issue
- b. No voting or dividend rights

6. Controlled Entities

Subsidiaries of Elixir Energy Limited:	Country of Incorporation	Percentage Owned	
		31 Dec 2020	30 June 2020
Golden Horde Pty Ltd ⁽¹⁾	Australia	100%	100%
GOH LLC ⁽¹⁾	Mongolia	100%	100%
Elixir Petroleum (Australia) Pty Ltd	Australia	100%	100%
Elixir Petroleum (Moselle) Ltd	United Kingdom	100%	100%
Cottesloe Oil & Gas LLC ⁽²⁾	USA	100%	100%
Cottesloe Oil & Gas Inc ⁽²⁾	USA	100%	100%

(1) Golden Horde Pty Ltd is the intermediate parent of GOH LLC

(2) Cottesloe Oil & Gas LLC is the intermediate parent of Cottesloe Oil & Gas Inc

During the year, application to dissolve Elixir Petroleum (Moselle) Ltd was made and it occurred on 2 February 2021.

Elixir Energy Limited and Elixir Petroleum (Australia) Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debtors of the other. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

7. Contingent Liabilities

Cottesloe Oil and Gas LLC ("Cottesloe"), a wholly owned subsidiary of the Group, was a party to a Joint Operating Agreement ("JOA") with, amongst others, Buccaneer Resources LLC ("Buccaneer"), a wholly owned subsidiary of Buccaneer Energy Limited on the Pompano Project ("Pompano"). During 2011 the Operator proposed activities at Pompano which Cottesloe declined to participate in thus impacting its status and future rights and obligations under the JOA. The remaining JV partners ultimately elected to shut in the wells and relinquish the two associated leases during 2012, with abandonment obligations possibly remaining outstanding. The Group became aware that Buccaneer applied for and was granted Chapter 11 protection in the United States and Australia post the end of the 2014 financial period. As at the date of this report, the Group has not been made aware of any claims from Buccaneer or any of its creditors. There is no material change in the contingent liability since 30 June 2020 or 31 December 2020.

It is unclear whether Cottesloe is still a party to the JOA, but if this is the case, there is the possibility that in the event of a default by Buccaneer on its share of the abandonment cost of the platform, associated infrastructure and the wells, then Cottesloe will potentially be liable for its increased proportionate share of the cost. Buccaneer stated in its 2013 annual report that it had a 65% working interest in the Pompano project. Cottesloe's only significant asset is a cash backed bond of US\$580,208 in favour of the previous owner of the platform and associated infrastructure which can be called upon by that previous owner in the event it was required to make a contribution to the abandonment costs of this infrastructure. The cash backed bond provided by Cottesloe does not extend to any costs of abandoning the wells. There is no parent company guarantee in place between the Company and any of the other co-venturers in the Pompano project and therefore there is only recourse to the Company or any other subsidiary of the Group, should a claim be made on Cottesloe for an amount in excess of its assets if the relevant Courts somehow decide to pierce the group corporate veil.

8. Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management has determined, based on the reports reviewed by the Board of Directors that are used to make strategic decision, that the Group had two reportable segments during 2020 (2019: three) being oil and gas exploration in Mongolia and the United States of America (USA). The Group's management and administration office is located in Australia.

Segment Performance

	Oil & Gas Exploration			Other	Total
	Mongolia	USA	France	Corporate	
	\$	\$	\$	Activities	\$
Half-year ended 31 Dec 2020					
Revenue from external sources	-	-	-	49,236	49,236
Reportable segment (loss)	(19,487)	(11,227)	-	(959,924)	(990,638)
As at 31 Dec 2020					
Reportable segment assets	8,645,585	753,846	-	9,193,187	18,592,618
Reportable segment liabilities	(51,263)	(755,143)	-	(672,389)	(1,478,795)
Half-year ended 31 Dec 2019					
Revenue from external sources	-	-	-	8,670	8,670
Loss on dissolution of subsidiary	-	(215,045)	-	-	(215,045)
Reportable segment (loss)	(267)	(14,556)	(6,254)	(974,939)	(996,015)
As at 30 Jun 2020					
Reportable segment assets	7,210,180	846,414	-	3,164,915	11,221,509
Reportable segment liabilities	(119)	(856,790)	-	(154,376)	(1,011,285)

No reconciliation is required of segment information as the information as presented is used by the Board to make strategic decisions.

9. Related Party Transactions

Key Management Personnel Compensation:

On 1 October 2020, Mrs Anna Sloboda was appointed as a Non-executive Director.

The totals of remuneration paid to KMP of the company and the Group during the half-year are as follows:

	Consolidated Group	
	31 Dec 2020	31 Dec 2019
	\$	\$
Short-term employee benefits	361,842	190,951
Post-employment benefits	15,449	15,890
	377,291	206,841
Share-based payments	84,588	305,062
Total KMP compensation	461,879	511,903

10. Events Occurring After Reporting date

The following events occurred subsequent to 31 December 2020 that will have a material effect on the Group.

In January 2021, the final listed options were exercised and 5,949,022 shares were issued.

The Board does not believe the COVID-19 pandemic will have any impact on the Group's ability to continue as a going concern nor any material impact on its current ability to explore in Mongolia.

There are no other events occurring after the end of the reporting period to disclose.