ELIXIR ENERGY (ASX:EXR)

2019 Operations Update

21 October 2019

Weekly Update – 21 October 2019

Elixir Energy

This week Elixir will pick up a second rig in the Gobi Desert to accelerate our drilling plans in Nomgon IX

BO-CH-1 (Chip-hole)

- Drilling ahead in conglomerates above the Permian coal sequence
- First well slightly slower than planned as adjusting made to the conditions (Elixir is paying by the metre)

BO-CH-2 (Chip-hole)

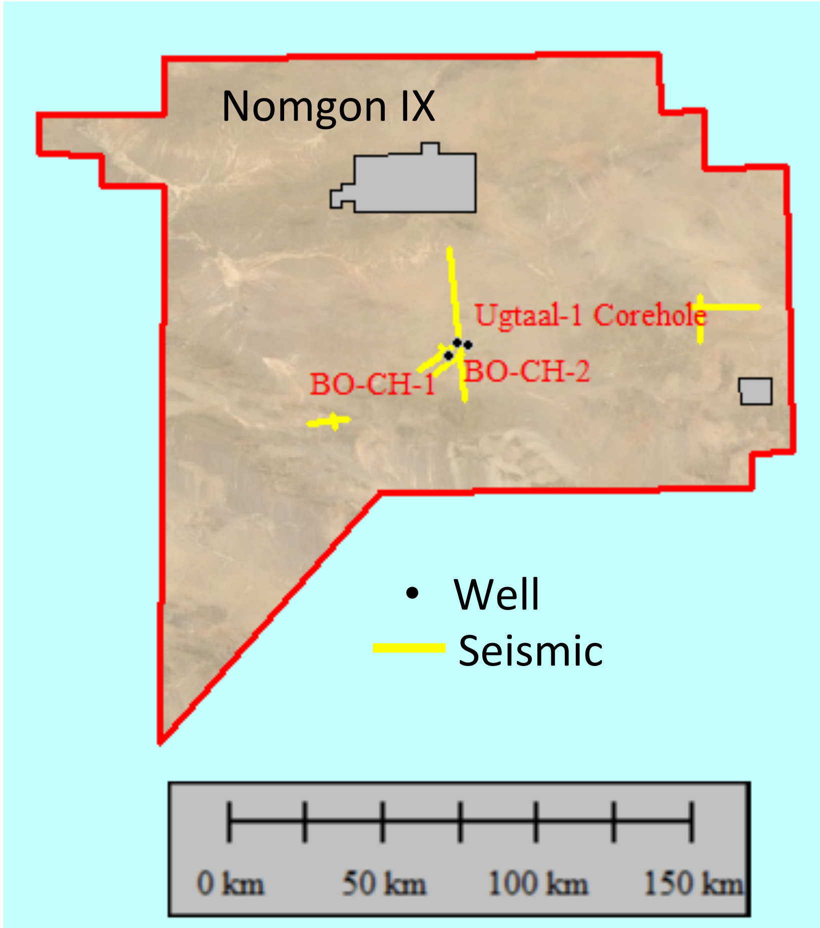
- Will spud on Monday 21/10/19

Ugtaal-1 (Core-hole)

- Due to spud this week after BO-CH-1 is completed

2D Seismic

- Processing complete and interpretation to be initiated this week. Preliminary results in 30 days.



2019 Drilling Program

2-3 core holes and up to 4 chip holes

Chip-holes

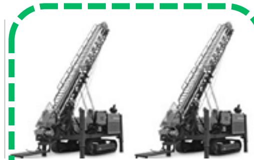
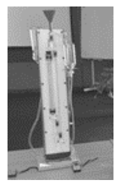
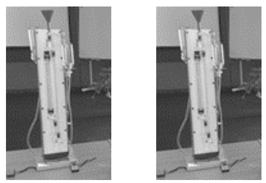
- Quick and cost effective way of evaluating subsurface
- Stratigraphic drill hole to collect chips/cuttings samples
- Confirm general geology and coal continuity where data is sparse
- Provide well tie to newly acquired seismic

Core-holes

- Provide data to aid in the future design of the project
- Well HQ cored over Permian primary target
- Collect full hole core samples from well
- Analyse for coal presence, gas content, desorption and permeability
- Aid in volumetric calculation and potential Resource Certification

Timetable

Results to deliver resource certification in early 2020

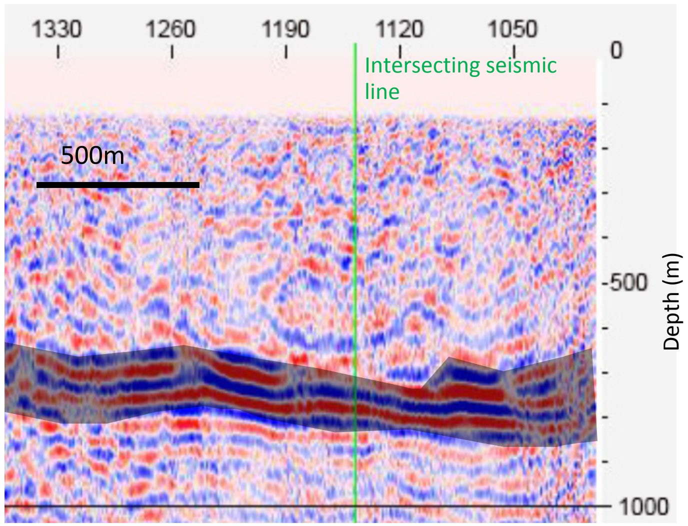
	October	November	December
Chip-holes (2-3) (~7 days)		 Contingent	
Core-holes (2-3) (~19days)			
Coal and Gas desorption Analysis			

2019 2D Seismic Results Pending

Preliminary interpretation in 1 month, full integration with geological model in Q1 2020

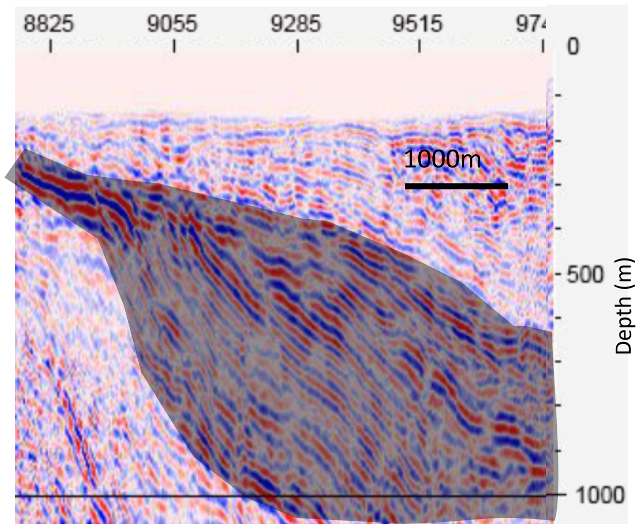
Delineation

- Indicating coal presence in the subsurface and providing locations for drilling



Exploration

- Identifying new, previously unrecognised potential coal basins based on EXR's in-house geological modelling



Strata with Permian Coal Potential

2019 Exploration Strategy

Proof of concept substantially de-risks the Nomgon IX PSC area

Deliver "Proof of Concept"

- Coal with gas that has the potential to flow at commercial rates
- Drilling and Analysis the only outstanding items

PATHWAY TO PROOF OF CONCEPT

- [x] Database assembled and desktop studies complete
- [x] All Environmental approvals and permits achieved
- [x] 130km of 2D seismic acquired
- [x] **Drilling Program commenced**
- [ ] Detailed Analysis of coals intersected, including desorption and permeability
- [ ] **Nomgon IX CBM Resource Certification**

On the Road to Contingent Resource Booking

Elixir Energy

	ACTIVITY	OUTCOME	RESOURCE CATEGORISATION UPON SUCCESS
COMPLETED	Geological Modelling	40 TCF unrisked) Recoverable (Best Case)[1] COS: 19% [1]	Prospective Resource (Lead)[1]
COMPLETED	Additional Data from Mineral Exploration Programs	More evidence of coal - COS could increase	Upgrades Prospective Resource [2]
COMPLETED	2D Seismic Acquisition	Map coal over a larger area	Upgrades Prospective Resource [2]
REMAINDER OF 2019	Core Drilling and Core Recovery	Total Gross Coal thickness	Success case delivers a DISCOVERED PETROLEUM ACCUMULATION which could be a Contingent Resource[2] – this will be independently verified in Q1 2020
REMAINDER OF 2019	Laboratory Core Desorption	Gas Content and Gas Composition & Adsorption Isotherm (gas saturation)	
REMAINDER OF 2019	Core Proximate Analysis	Dry Ash & Moisture Content	
REMAINDER OF 2019	Wireline Logging	Total net coal thickness and distribution	
REMAINDER OF 2019	Injectivity Testing	Flowability and permeability measurements	

[1] Independently Verified by ERCE - refer ASX announcement of 19.11.18
[2] Internal estimate

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