Elixir Energy

# Noosa Mining Conference Virtual Presentation

16 July 2021

ASX:EXR

# 1. The Company

# Company Overview

- Elixir is focused on the 100% owned Nomgon IX Coal Bed Methane (CBM*) Production Sharing Contract (PSC) project in the South Gobi region of Mongolia
- Highly experienced CSG team – in Australia and increasingly in Mongolia
- Located on Mongolian/Chinese border with excellent infrastructure, mines and planned pipelines
- Many market options, including the rapidly growing Chinese gas market
- Strong balance sheet funding aggressive exploration and appraisal program for years to come

** Coal Seam Gas – CSG – is usually referred to as CBM outside Australia*


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# Capital Structure / Board

| Capital Structure | Current (pre-raise) |
| --- | --- |
| No of Shares | **891**M |
| Performance Shares & Options | **21**M |
| Market Capitalisation (at 26c) | $**232**M |
| Cash (at 30th June - unaudited) | $**32.5**M |
| Enterprise Value | $**200**M |


## Highly experienced CSG team

**Richard Cottee**
Non-Executive Chairman

Former Managing Director of CSG focused Queensland Gas Corporation (QGC), taking it from market cap of $20M to $5.7B

Other former CEO positions include CS Energy, NRG Europe & Central Petroleum

**Neil Young**
Managing Director

Former Business Development Manager at Santos, where he helped build Santos' CSG business

Has worked in Mongolia since 2011

**Stephen Kelemen**
Non-Executive Director

Extensive technical and commercial career at Santos, including managing its CSG business

Current Non Executive Director at CSG focused Galilee Energy (GLL)

**Anna Sloboda**
Non-Executive Director

Previous employers include Lehman Bros, Clough, Curtin University & Trans-Tasman Resources

Belarus background and experience of working in China

# 2.

# Location and Potential

# Located on Chinese Border


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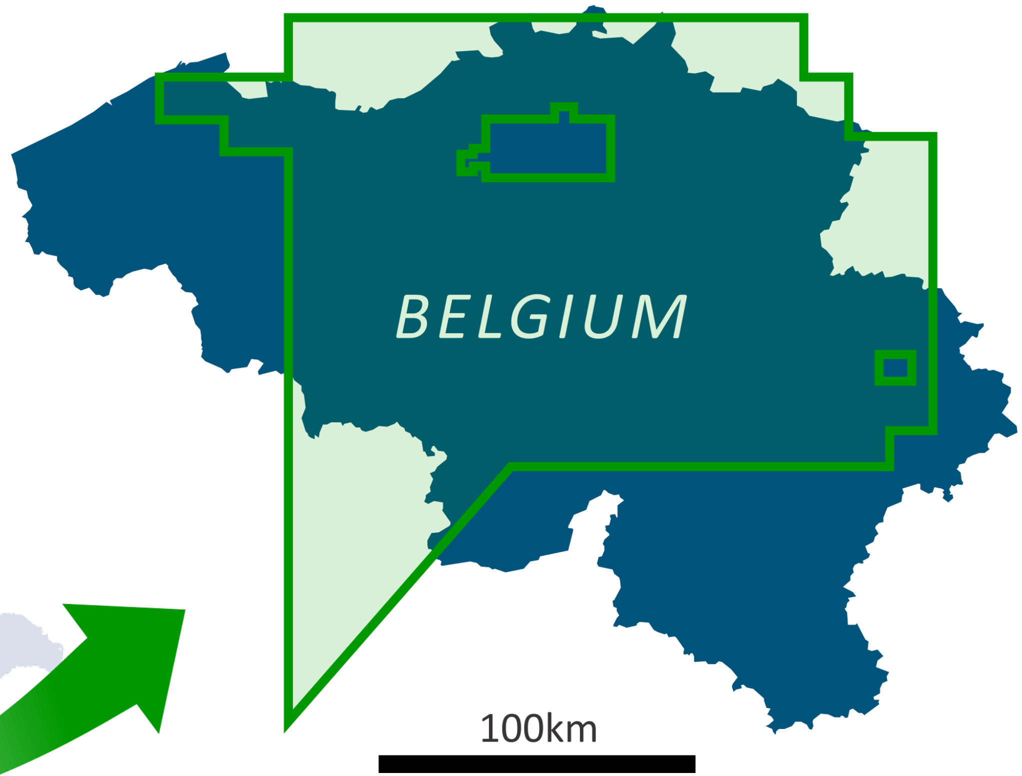
# Very Large PSC Area

Elixir's PSC in Mongolia covers a vast area comprising approximately

**30,000**km$^2$

- equivalent to the size of Belgium
- December 2020 - ERCE certified Prospective Resource of 14.6 TCF (risked best case)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# 3.

# The Project

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# Current State of Play – July 2021

**1.** Large Prospective Resource (Risked best case of 14.6 Tcf)

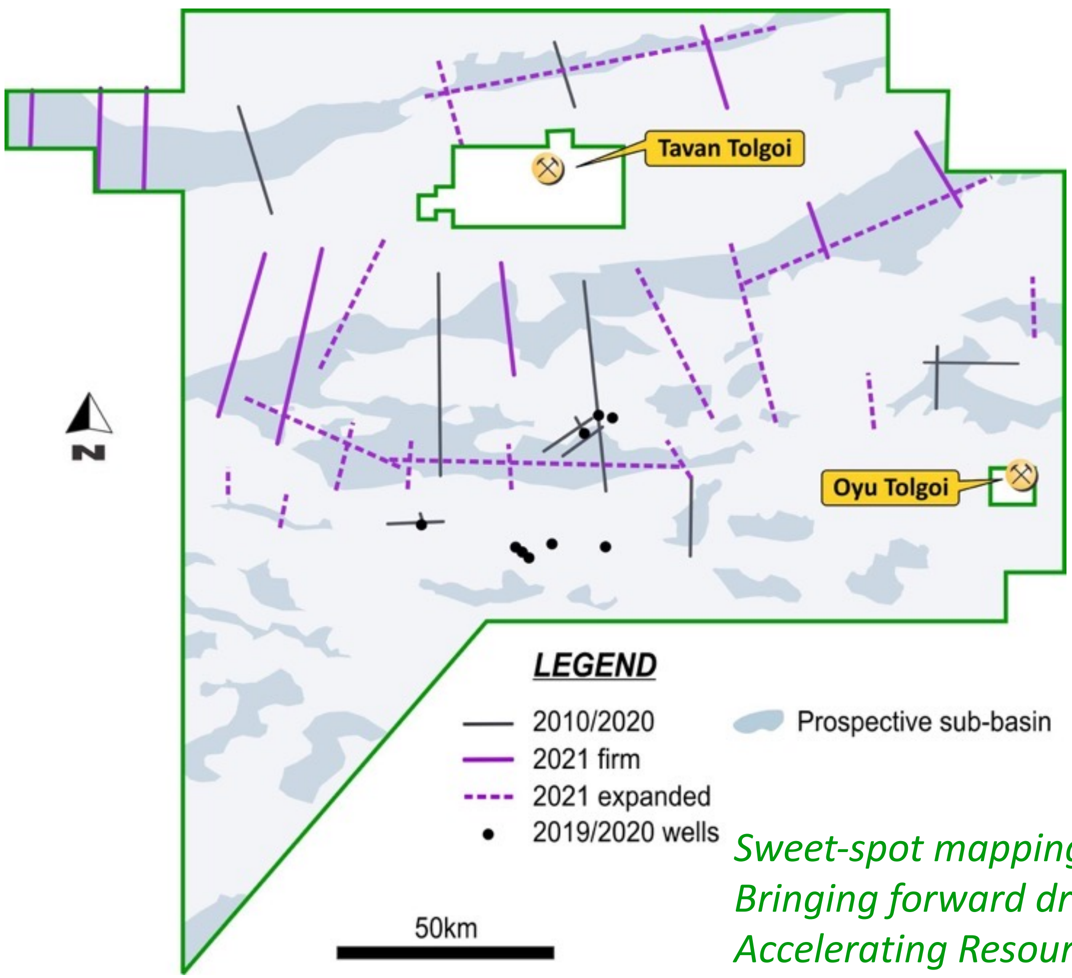
**2.** First Contingent Resource matched with Electricity Generation MOUs

**3.** ~20 well Exploration and Appraisal program in 2021 underway "Rinse & repeat" model designed to accrue resources across the PSC

**4.** Multi-well production testing program scheduled for 2H. Will deliver extensive permeability information and stabilised water rates

**5.** Stabilised production test is pre-cursor to full pilot production program in 2022

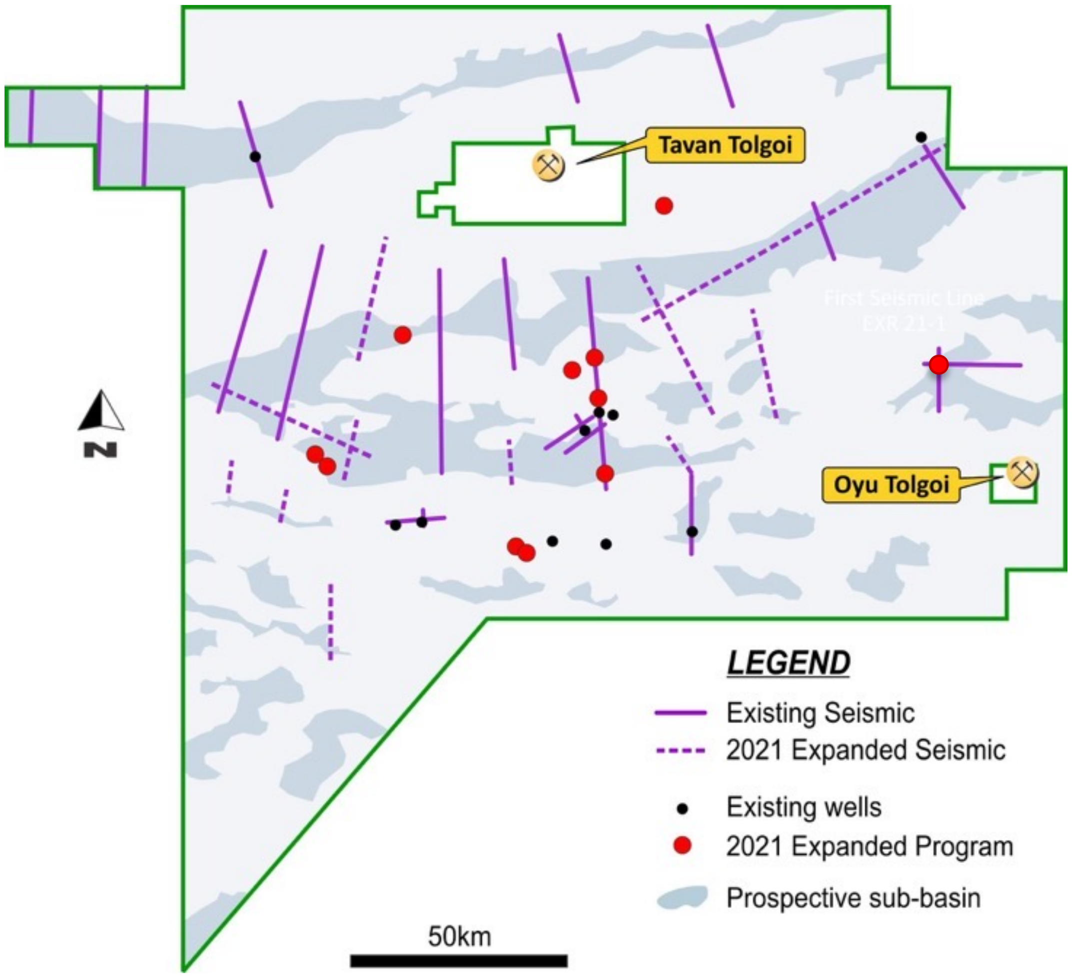
# Expanded Seismic




*Sweet-spot mapping*
*Bringing forward drilling targets*
*Accelerating Resource bookings*

- Expanding program of seismic acquisition to 500km of 2D in 2021
- To date, 200km acquired so far this year – now being processed and interpreted
- Further acquisition of 300km to commence in next few months (post regulatory approvals)
- Program will continue into subsequent years – seismic remains a very low cost way of expanding geological knowledge of a vast region
- The intent of this program to bring forward more & more drill locations

# Accelerated Drilling Program




- Accelerated drilling program to drill ~20 wells in 2021
- Exploration and appraisal targets across multiple sub-basins
- Second rig introduced, notwithstanding COVID limitations
- Program outcome designed to position Elixir as a leading North Asian gas resource owner
- Wide ranging optionality in dealing with potentially interested counterparties, ranging from customers to potential co-owners

# Inaugural Pilot Program

- The Pilot Program will be in two phases
- Phase 1
  - Stabilised water flow testing
- Phase 2
  - Pilot production testing
- Australian experience demonstrates differently designed pilots effective in different geologies
- Elixir brings international skills to bear in the Mongolian context
- Demonstrating fluid flow to be followed by sustained production

# 5.

# The Opportunity & Markets

# Chinese Gas Markets

## De-carbonisation in China is real – but also realistic

*In May President Xi promises Chinese coal use will decline in less than 5 years*

*CNPC estimates Chinese gas usage to increase ~40% by 2030 and accelerate after that*

*This month China introduces world's largest carbon trading market*

*PRC's Inner Mongolia has excessive coal generation – needs to change mix*

## Gas supply alternatives to China face challenges

*Chinese imports of Australian LNG not falling – for just now……*

*May '21 - Chinese Foreign Minister says wants more gas from Turkmenistan – 4,000 kilometres away*

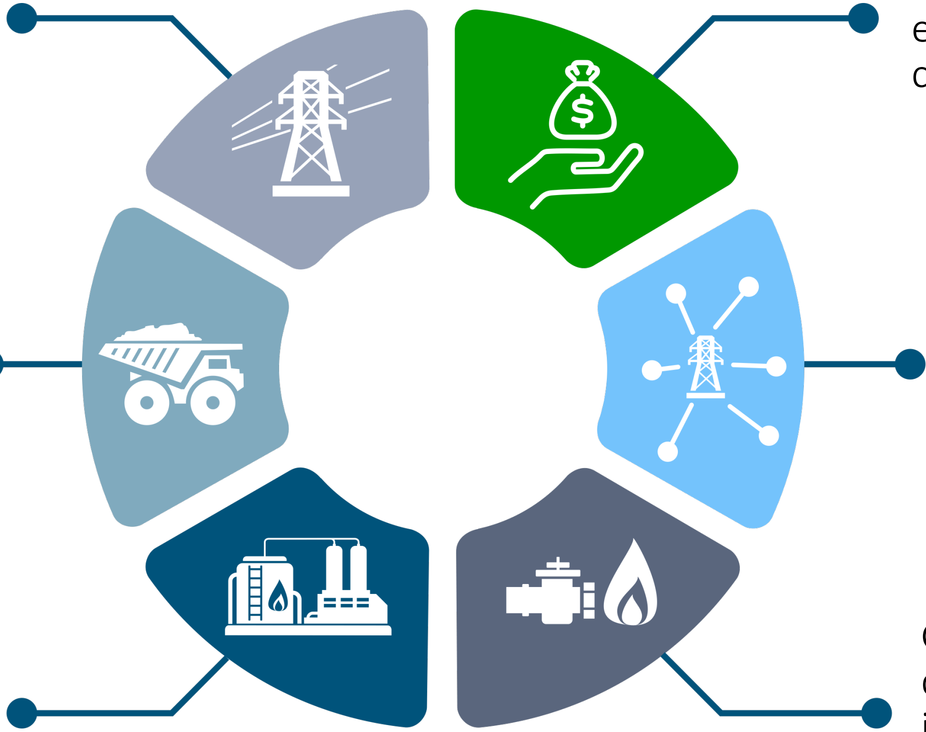
- *Ex Gazprom employees say reserves insufficient to supply Power of Siberia 1*
- *Not clear how Yamal peninsula can supply all of Europe, multiple LNG projects and Power of Siberia 2*

# Multiple Market Opportunities

Existing large-scale electricity transmission running through the PSC to China has large spare capacity and Mongolia's grid needs new power sources

Local mining and mineral processing needs new power sources – (e.g. Rio Tinto's Oyu Tolgoi mine inside the PSC) to replace Chinese imports

Numerous small scale LNG (SSLNG) plants in China could be replicated –to e.g. supply local large coal trucking fleets



Cash-flow generation from e.g. electricity generation & SSLNG can be early and modular

The Asian Super Grid project plans large scale new transmission lines through the Gobi region where the Nomgon PSC sits

Gas complements high-quality renewable resources in the Gobi – and in the long term could be a very well located hydrogen feedstock source

# GOH Clean Energy

- GOH Clean Energy LLC established at start of year to leverage existing skills & position into renewables and other clean energy ventures
- Hydrogen potential (blue and green) can leverage off superb near market location
- A SODAR unit has recently been imported from Australia to measure wind resources in the Gobi
- Other options under evaluation and will be advised to market as they mature
- Long term relationships with multiple levels of Government, community relations, etc, are the key growth foundation

*Softbank invested wind-farm in Nomgon PSC*

# 6. Investment Highlights

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# Work program now rapidly increasing

- ✓ *"Rinse & repeat" model established*
- ✓ *Low risk and low cost*
- ✓ *Leading player in country*
- ✓ *Aiming to build a regionally material gas resource*

## 2022 Onwards

***Sustained production testing***
***More & more "rinse & repeat" resource adds***

## 2021

**20 wells, 2 production tests & 500km seismic**
***Matierially expanded program in face of COVID***

## 2020

7 wells and 106 km seismic
Mongolia's first CBM discovery

## 2019

4 wells and 200 km seismic
Setting the foundation in Year 1

***Activity increasing every year, despite global impact of COVID***

# Investment Highlights

Elixir's ongoing success in the field being followed up with expanded program

"Rinse and repeat" exploration/appraisal program designed to add more and more resources

Financial strength reinforces sustained 100% ownership position - to maximise future optionality

Low cost, safe and experienced Operator – with deep CSG expertise from Australia being transmitted to Mongolia

Multiple market channels, both local and export. Gas symbiotic with renewables and a key to net-zero by 2060 in China

China's "dual circulation" economic strategy reinforces the value of Mongolian gas – and competitors face challenges

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