



Elixir Energy

ASX ANNOUNCEMENT

ASX : EXR

9 December 2021

PILOT APPROVALS LODGED

HIGHLIGHTS

- Approvals formally lodged for 2022 long term pilot production project
- Gas fired generation project being progressed in parallel
- 17 well drilling program in 2021 delivers an excellent success rate of 76%
- Record 2D seismic acquisition program (528 kilometres) in the South Gobi wraps up

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to provide an update on its coal bed methane (CBM) exploration/appraisal program underway across its 100% owned Nomgon IX Coal CBM Production Sharing Contract (PSC).

The Company’s plans for a long term pilot production testing project in 2022 have now been formally lodged with the Mongolian petroleum regulator as part of the mandatory annual budgetary approval process.

This is the first project of its kind in the country. The key elements of this project are as follows:

- Capital expenditure to be made on two production wells, two pressure monitoring wells, pumps, water handling infrastructure and associated facilities.
- The production wells will be completed “barefoot” and equipped with progressive cavity pumps (PCPs).
- The pumps will be capable of lifting ~500 barrels of water per day (BWPD) per well in the first instance and the evaporation pond design takes account of these rates – together with the very high water evaporation characteristics of the Gobi region
- The pilot well drilling should begin in 1H 2022 with the pilot production testing commencing in 2H 2022. Ever-changing COVID impacts could impose logistics challenges – the Company’s plans seek to mitigate these risks.
- Procurement of long lead items (LLIs), such as production skids, is already underway.

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A typical skid installation in Australia of the type just ordered as a long lead item

A successful production test will underpin the Company's foreshadowed modular gas fired generation project. In parallel with the sub-surface work, Elixir has been progressing the feasibility work for the power station, including site selection and briefing the local as well as central authorities.



Recent meetings of EXR's MD with the Deputy Governor of South Gobi Aimag and the Governor of Nomgon Soum

Recent gas composition tests from samples taken from the Nomgon-6 well (using a dedicated gas chromatograph imported earlier this year by Elixir to Mongolia) have recalibrated the methane content in the raw gas upwards (to ~90%), which improves the electricity generation economics.



Richcairn-4 at sunrise

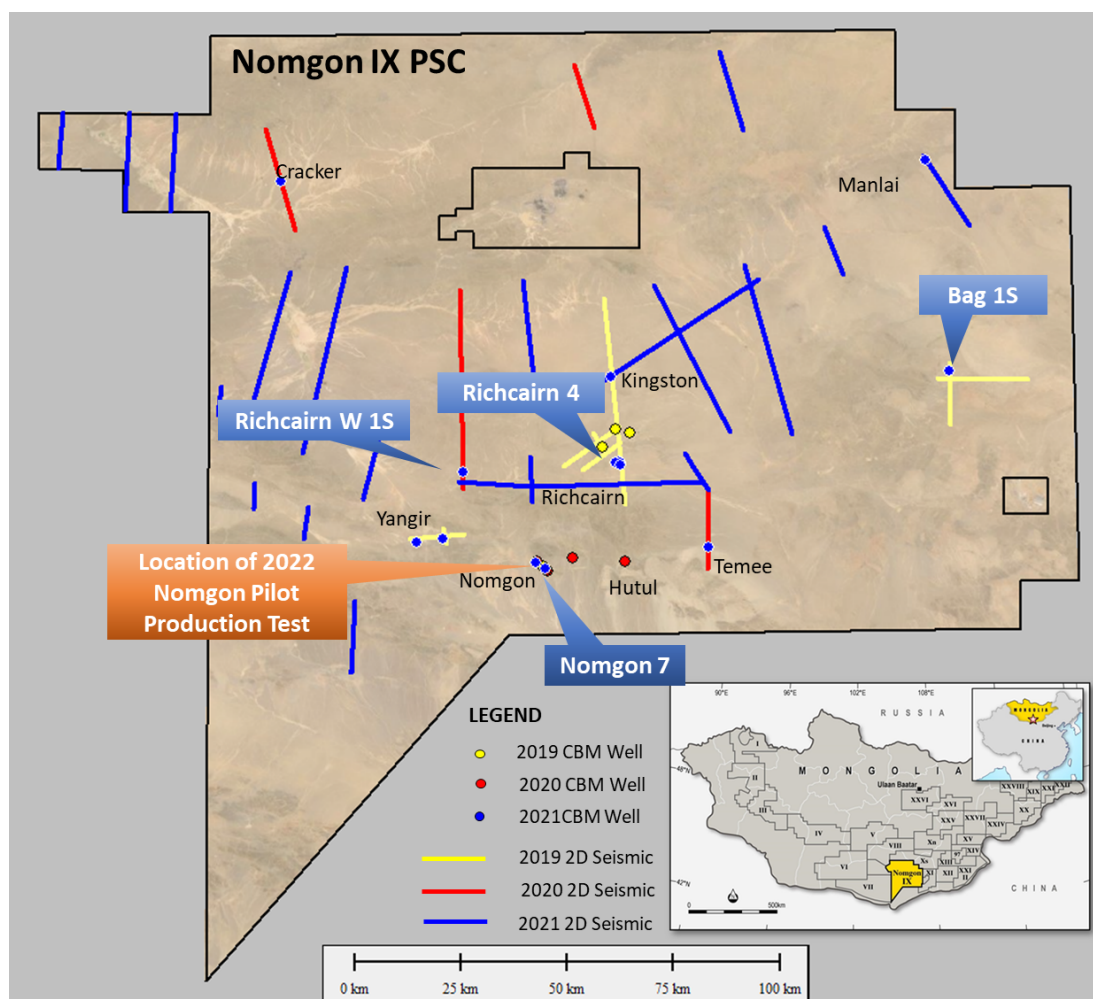
The final exploration/appraisal well (Nomgon-7S) for 2021 has recently spudded - this brings the total drilling program for the year to 17 wells. To date, thirteen of these wells (76%) have been successful in intersecting coal, which the Company considers an excellent strike rate for a CBM exploration & appraisal program of the current degree of maturity.

Nomgon-7S will serve as one of the monitoring wells for next year's pilot project and will be the last well drilled in 2021.

The Richcairn West-4S exploration well recently drilled to a Total Depth (TD) of 731 metres. It did not drill beyond that point due to equipment limitations of the rig. Although no coals were intersected, the well was still in the Permian section at TD, with the prognosed coals predicted below the TD of the well. The next well in this region will target the coals to the north of the Richcairn West Location.

The Richcairn-4 appraisal and Bag-1S exploration wells are drilling ahead at the date of this report.

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Elixir's 2021 2D seismic acquisition program has now been wrapped up as planned. A total of 528 kilometres was acquired in a 2 stage program that required 123 days of field operations – a program of record size for the region. The data is now being processed and interpreted and is feeding into lead generation for 2022's drilling program.

Elixir's Managing Director, Mr Neil Young, said: *"I have just returned from my first visit to Mongolia since early 2020 and only by travelling again can one really grasp at first hand the great efforts made by our team in handling the ever changing challenges COVID continues to throw at the world. In 2022 we are really looking forward to initiating Mongolia's first long term pilot production project – whose success would underwrite the country's first gas fired generation plant. In addition, our "rinse and repeat" exploration/appraisal process will continue side by side. Furthermore, I am pleased to report that our co-located hydrogen business has been very well received in the country.*

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