

Elixir Energy

# ASX ANNOUNCEMENT

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## OPERATIONS UPDATE

### HIGHLIGHTS

- Richcairn-1S opens up another new and potentially very extensive coal-bearing basin
- Third rig being mobilized
- Nomgon Central-1 gathering data for future production testing
- Expanded seismic program commencing soon

Elixir Energy Limited ("Elixir" or the "Company") is pleased to provide its regular operations update on the current exploration/appraisal program underway across its 100% owned Nomgon IX Coal Bed Methane (CBM) Production Sharing Contract (PSC).

The Richcairn-1S exploration well has now been completed. It drilled to 792 metres and discovered 16 metres of coal and 20 metres of highly carbonaceous mudstone (silty coal), as determined from wireline logs.

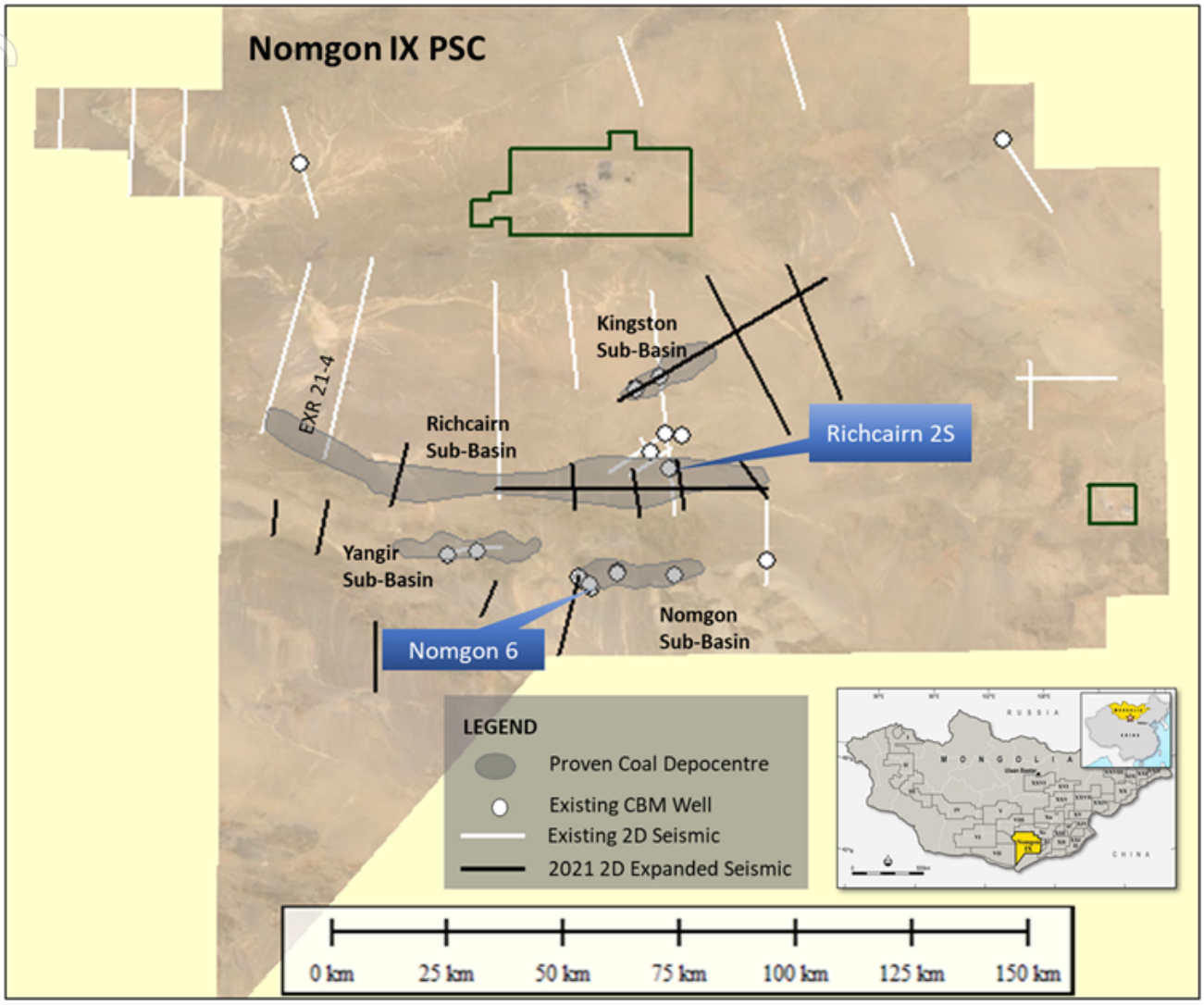
The rig will now move to a proximate up-dip step-out location, Richcairn-2S, which will spud in the next day or so. Further wells in what could be a very extensive coal-bearing sub-basin (see map below) will follow over the balance of 2021 and beyond.

Richcairn 1S is the first of Elixir's exploration wells to intersect coal purely from seismic identification. This demonstrates the continuous improvements in the Company's exploration program, from the ongoing gathering of data and the constant optimization of exploration tools and analysis for the specific geology of the South Gobi basin.

The well is in a depocentre defined by 4 seismic lines, and is over 100 kilometres in length. Future wells in this new sub-basin will seek to measure other key CBM characteristics such as gas content and permeability.

Elixir's last 6 wells have all intersected their coal targets. The Company has therefore decided to accelerate its drilling program for the rest of 2021 by adding a third rig. The mobilization of a third rig (a second rig from the Company's drilling sub-contractor Erdene Drilling LLC) is imminent.

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The Nomgon Central-1 core-hole has reached a total depth of 559 metres and logged 65 metres of coal. This well is gathering data to underpin the design of future production testing and various laboratory tests will follow in the months to come. Although the gas desorption process is ongoing, measured gas contents in this well appear lower than previous wells in Nomgon, which Elixir interprets to be an isolated and anomalous combination of faulting and fracturing at the well location.

The next Nomgon sub-basin appraisal well – Nomgon 6 – will spud later this week. The results from this will feed not only into the technical design of the planned 2022 production testing, but also into the procurement of required environmental and other approvals through the formal annual regulatory processes in Mongolia.

The Company's expanded seismic program for this year is also due to commence very shortly. It is targeting the acquisition of another 300 kilometres of 2D seismic (see map above), in addition to the 220 kilometres already acquired, processed and interpreted earlier this year.

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The COVID-19 pandemic still imposes various limitations on the Company's field program (for instance due to limitations on internal travel that change from time to time). Notwithstanding this, Elixir and its sub-contractors expect the third rig and seismic crew to commence operations by around the end of this month.

Elixir's Managing Director, Mr Neil Young, said: *"Our "rinse and repeat" model to add and de-risk gas resources building block by low cost building block rolls on. We are very pleased to have discovered yet another new coal-bearing sub-basin at Richcairn – which could be very extensive - and look forward to further drilling results here. With Richcairn, we have now added 3 new potentially productive sub-basins to our inventory in 2021 to date. At Nomgon we continue to gather the data required to underpin our foreshadowed two stage production testing process. As always in the last 18 months, we commend the resilience of our Mongolian team and sub-contractors in battling through the ongoing COVID-19 pandemic."*

By authority of the Board:

**Neil Young** - *Managing Director*
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