



**Elixir Energy**

**ASX ANNOUNCEMENT**

**ASX : EXR**

**15 May 2023**

## **NOMGON CBM PILOT OPERATIONS UPDATE**

### **HIGHLIGHTS**

- Nomgon Pilot Project to be expanded
- Nomgon-9 well back producing after successful workover
- Exploration drilling to commence shortly

Elixir Energy Limited (“Elixir” or the “Company”) is pleased to provide an operations update on the extended pilot production project (the “Nomgon Pilot Project”) currently underway in its 100% owned Nomgon IX Coal Bed Methane (CBM) Production Sharing Contract (PSC) in the South Gobi Basin, Mongolia.

Given the results achieved to date, the Board of Elixir is encouraged that the Project is on the path to commerciality and has therefore resolved to expand the Pilot Project through:

- An extension of the flow period.
- The drilling of an additional pilot well.

Elixir’s strong view is that the commerciality of CBM in the Mongolian context has material advantages over the likes of Australia, given comparatively much lower drilling costs and access to gas prices that reflect the East Asian region is an LNG importer rather than exporter.

The company completed the workover of the 2 well Pilot Project in Nomgon IX in early April 2023. This involved the existing completions being removed, cleaned out and replaced. Smaller pumps, which are more suited to the actual water flow-rates, were installed. The pumps and associated gauges were placed lower in the wellbore to allow for the fluid levels to be lowered to below the level of the coal seam.

The Nomgon-9 well has successfully been brought back into production, with various experiments being conducted to control rates (which have ranged up to 76,000 standard cubic feet per day) whilst monitoring the back pressure and fluid (water) level in the well.

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Water flow rates have remaining stable in the last few weeks at ~105 barrels of water per day, which is a strong indicator of increased desorbed gas flows emerging in the future.

In the multi-decade CBM related experience of the Directors of Elixir, the varying patterns of fluid (gas and water) flows from the Pilot is commonplace in CBM projects globally.

The Nomgon 8-well is currently shut in and is being primarily used as a monitoring well to measure interference pressure.

A new Pilot Well (Nomgon-10) is now planned to add to the data set to be gained from the Nomgon Pilot Project. Elixir is currently evaluating the optimal drilling contractor selection for this well in the context of its other drilling plans for 2023.

Elixir's 2023 exploration drilling campaign is due to start shortly. Mongolian owned and operated Top Diamond Drilling LLC (who Elixir has used in the previous 2 years) is the successful tenderer for the Company's 5 well exploration program.

Once certain regulatory processes have been closed out (expected in the next week or so), the 2023 exploration drilling program will commence. The formal regulatory process for the preferred tenderer for the Company's 2023 appraisal program is also nearing completion.

Elixir's Managing Director, Mr Neil Young, said: *"We are pleased to announce an expansion of the Nomgon Pilot Project. Our strategy to invest in Mongolian CBM rests on the strong regional combination of high gas prices and low costs and the results to date are highly encouraging in this context."*

By authority of the Board:  
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