



**Elixir Energy**

**ASX ANNOUNCEMENT**

**ASX : EXR**

**7 September 2023**

## **NOMGON CBM OPERATIONS UPDATE**

### **HIGHLIGHTS**

- CBM discovery declared at Big Slope Location
- Nomgon-10 pilot well spuds
- Four drilling rigs running in the Gobi Basin for Elixir

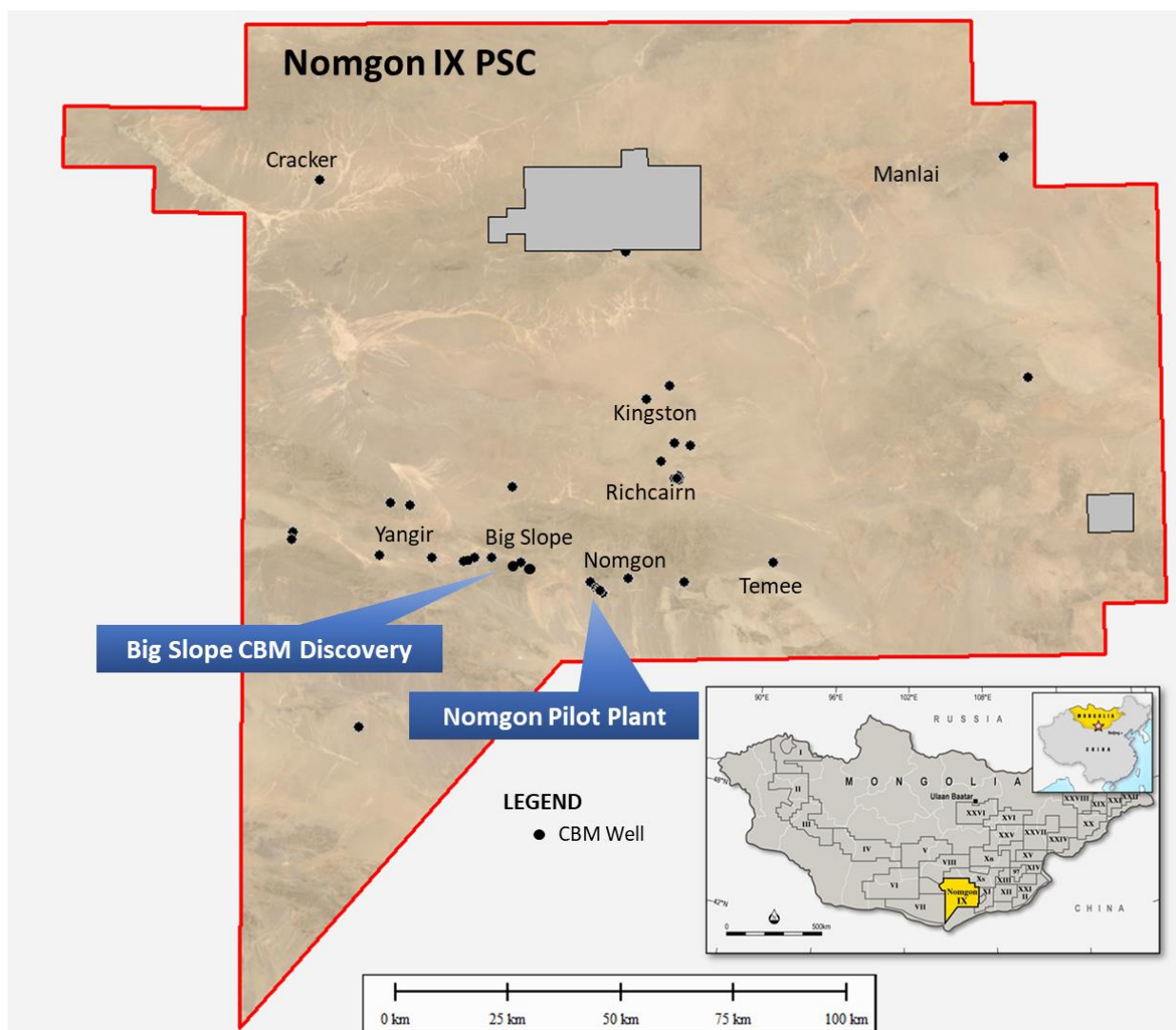
Elixir Energy Limited (“Elixir” or the “Company”) is pleased to provide an operations update on the work currently underway in its 100% owned Nomgon IX Coal Bed Methane (CBM) Production Sharing Contract (PSC) in the South Gobi Basin, Mongolia.

Recent coring, desorption and testing at the Big Slope coal deposits have formally yielded a CBM gas discovery under Petroleum Resources Management System (PRMS) guidelines (Appendix 1), having proved the presence of gas saturated coal with adequate permeability.

Big Slope core holes and chip holes have intersected coal thicknesses of up to 59.5 metres, even though the full stratigraphic section is yet to be penetrated. A total of 3,510 metres has now been drilled in the Big Slope area, with a total of 259 metres of coal intersected. Elixir has measured consistent gas contents of up to 9 cubic metres per ton (on a raw gas basis) – with the expected strong correlation of increasing gas content with depth.

The most recently completed well, Big Slope Shallow-1 intersected 37 metres of coal in a well that was 321 metres deep. This measured permeability of 0.8 milliDarcies (mD) from a Drill Stem Test (DST) over a 6 metres coal seam, within an interval of 288.5 to 294.5 metres. Appraisal and testing of this area and the adjacent Yangir area continues.

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*Location map of Elixir Activity in Mongolia*

Yesterday, Elixir spudded Nomgon-10. Nomgon-10 is an additional pilot well that will be connected to the Nomgon Pilot Production plant. The well is expected to take ~2 weeks to drill and should be connected and online within one month. Gas and water production from the Pilot Plant has been temporarily suspended until the simultaneous drilling operations are completed.

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Drilling Rig at Nomgon-10

In total, Elixir is now operating 4 rigs in the Nomgon IX PSC, 2 with Major Drilling and 2 with Erdene Drilling. The program has been accelerated to ensure it is completed before the harsh Gobi winter begins.

## 2023 Nomgon IX Drilling Schedule

	2023					
	May	Jun	Jul	Aug	Sep	Oct
Rig 1 (TDD)		Bluebill 1S and 1 Re				
Rig 2 (ED)				Big Slope West 1	Big Slope 8	
Rig 3 (ED)			Big Slope 7	BS Shal-1	Yangir Far W 1	TBA
Rig 4 (Major)					Yangir W 2	
Rig 5 (Major)					Nomgon 10	
	May	Jun	Jul	Aug	Sep	Oct

9 wells in total



3 Coreholes



5 Exploration Chipholes



1 Pilot well (substitution for corehole)

Nomgon IX Drilling Schedule





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Elixir's Managing Director, Mr Neil Young, said: *"Our drilling program in the Gobi is operating intensively at present and delivering strong results. We now have another formal discovery in the Big Slope area and we will continue to appraise across the key South West section of the PSC for the next few months before winter. On the Pilot side, Nomgon-10 should be online within a month and will add to the ongoing pilot data gathering process thereafter."*

By authority of the Board:

**Neil Young** - Managing Director

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### Competent Person

The technical information provided in this release has been supervised and reviewed in detail by Elixir's Competent Person, Mr Greg Channon. Mr Channon is a qualified geoscientist with over 35 years of oil and gas industry experience and is a member of the American Association of Petroleum Geologists and the South East Asian Exploration Society and is a graduate of the Australian Institute of Company Directors. He is qualified as a competent person in accordance with ASX listing rule 5.41. Mr Channon consents to the inclusion of the information in this report in the form and context in which it appears.

## Appendix 1 – Definition of PRMS Discovery

The *Petroleum Resources Management System* (PRMS) – June 2018 – sets out an internationally recognised system for the categorisation and characterisation of key petroleum projects and resources.

The PRMS defines a “discovery” as follows:

### 2.1.1 Determination of Discovery Status

*2.1.1.1 A discovered petroleum accumulation is determined to exist when one or more exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In the absence of a flow test or sampling, the discovery determination requires confidence in the presence of hydrocarbons and evidence of producibility, which may be supported by suitable producing analogues (see Section 4.1.1, Analogues). In this context, “significant” implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place quantity demonstrated by the well(s) and for evaluating the potential for commercial recovery.*

Under this definition, the Big Slope Shallow-1 well (lats and longs) has made a CBM discovery, given:

- a) An exploratory well has been drilled.
- b) It has obtained and tested numerous cored samples.
- c) The testing work has confirmed the presence of significant quantities of methane.
- d) Drill Stem Testing (DST) was used to measure the permeability of a coal seam. The testing directly measured permeability, which was 0.8 milliDarcies, indicating that the methane is potentially recoverable.
- e) The well has been logged – confirming the presence of the thick coal seams that host the methane.
- f) The results of the well have validated a sub-basin geological model indicating those seams are highly likely to extend beyond the immediate location of the well-bore.
- g) A flow test would not be possible for this type of unconventional petroleum discovery at this stage of the exploration process.
- h) Numerous producing analogues in Mongolia support the evidence of producibility.
- i) The results to date justify the further work which the Company plans to evaluate the resources in the area and ultimately for estimating the potential for commercial recovery.