Elixir Energy

ASX ANNOUNCEMENT

ASX : **EXR**

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NOMGON CBM OPERATIONS UPDATE

HIGHLIGHTS

- Nomgon-10 Pilot well drilled, completed and on line
- CBM discovery declared at Yangir
- Successful 2023 Drilling program near completion

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.

The Nomgon-10 pilot production well has now been successfully drilled, completed and brought into production (with water flowing initially and gas due to follow). The time from spud to first water production was 19 days, with work proceeding on time and on budget. The well is being brought into production slowly to minimize the risks of formation damage and shocks to the coal reservoir.

Nomgon-10 is an additional pilot well that will be connected to the Nomgon Pilot Production plant. The Nomgon-8 and 9 pilot wells remain suspended whilst the Company monitors pressure communication between the wells.

Nomgon-10 Production Skid

In the Yangir region, Elixir is pleased to announce that it has performed a successful Drill Stem Test (DST) on the Yangir West-2 well. The DST over the interval 269-282 metres recorded a permeability of 2 milliDarcies (mD). The results of this well therefore constitute a CBM gas discovery under the Petroleum Resources Management System (PRMS) guidelines (Appendix 1), having proved the presence of gas saturated coal with adequate permeability.

Excelsior Energy (see company description below) conducted the DST by undertaking considerable pre-planning with Elixir and around the clock wellsite and remote supervision to ensure a successful outcome. Yangir core holes and chip holes have intersected coal thicknesses of up to 60 metres of coal, even though the full stratigraphic section is yet to be intersected. Elixir has measured gas contents of up to 10 cubic metres per ton (on a raw basis) in the Yangir sub-Basin.

At Big Slope, the Big Slope West-1 well has been successfully drilled. The well reached a total depth of 620 metres and intersected more than 27 metres of coal.

The Company' 4 rig program is now winding down, with now one rig still drilling. The remaining Erdene Drilling rig is drilling Yangir Far West-1, and is currently at a depth of 425 metres, which is still above the coal targets.

Excelsior Energy personnel operating Drill Stem Testing tools

With Nomgon-10 on production, and CBM discoveries declared at both Big Slope and Yangir, Elixir has now met all its major drilling objectives for 2023. The drilling program for 2023 will now be finalised once the Nomgon Far West-1 well is completed. Planning for the 2024 program has commenced and will have a primary focus on de-risking the discoveries made to date.

Elixir's Managing Director, Mr Neil Young, said: *"The drilling of the Nomgon-10 pilot well has gone to plan and we look forward to growing production of water – and then gas – from this well. Favourable results will put the Nomgon Pilot Project back on the intended pathway of determining commerciality. Our other appraisal and exploration drilling in 2023 – completed safely and within budget - has added new discoveries in the key South West region of our PSC. We expect in 2024 to focus on moving these discovered resources into reserves."*

By authority of the Board:
Neil Young - *Managing Director*
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About Excelsior Energy

Excelsior Energy is a technology and service provider to the Oil & Gas and Mining industry with registered offices and operations bases in Mongolia and Australia. Our mission is to provide solutions for our customers to safely and sustainably manage their resources and facilitate positive operational and environmental results for all stakeholders.

Competent Person

The technical information provided in this release has been supervised and reviewed in detail by XST's Competent Person, Mr Greg Channon, who is also a Non-Executive Director of the company. Mr Channon is a qualified geoscientist with over 35 years of oil and gas industry experience and 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*
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> *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 Yangir West 2 well 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 2 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.