



Elixir Energy

ASX ANNOUNCEMENT

ASX : EXR

31 October 2023

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

HIGHLIGHTS

- Daydream-2 well due to spud imminently
- Funding procured for Daydream-2: R&D, new equity and a debt facility
- Data Sharing Agreement signed with Santos
- Nomgon Pilot Project extended with successful drilling of Nomgon-10 well
- New CBM discoveries made in the Nomgon PSC

MANAGING DIRECTOR'S REPORT TO SHAREHOLDERS FOR THE QUARTER

The last quarter was a period of intense activity for Elixir in both Queensland and Mongolia:

- Preparing for the now imminent spud of the Daydream-2 appraisal well – the highest impact well in Elixir's history.
- Expanding the Nomgon Pilot Project and adding new CBM discoveries in the Nomgon PSC.
- Procuring multiple new forms of finance – qualifying for R&D cash rebates from the Federal Government, new equity and a debt facility (secured on the R&D rebate).

Share market conditions have been challenging in this period – not only for Elixir, but for the vast majority of growth orientated companies globally, due to multiple factors ranging from rising interest rate to growing geopolitical tensions. However, the successful delivery of real projects should still be rewarding for investors and in the rest of this financial year investors in Elixir are exposed to multiple opportunities for the significant de-risking of the Company's gas resources.

In the last month major signs of growing support for the long term future for oil and gas emerged on multiple commercial fronts.

Arguably most significant were major corporate takeovers announced in the USA by that country's two largest energy Super-Majors – Exxon's acquisition of Pioneer Resources and Chevron's takeover of Hess Corporation. The total deal value in these two transactions alone is more than A\$200 billion.

It is not since the consolidation of Majors into Super-Majors in the 1990s that such a consolidation wave has hit the oil and gas sector – and there is now a widespread expectation that further mergers will follow in America and then this will spill out to the rest of the world.

ASX ANNOUNCEMENT

What this means for the junior end of the sector in which Elixir sits is that the transactions demonstrate a number of things that are relevant to the energy sector as a whole:

- The expected demand for oil and gas will endure for many decades to come.
- Capital markets are increasingly recognizing that is the case and that the march to the energy transition will require gas in particular to be funded for this extended period.
- Big players want big resources – and some degree of diversification between oil/gas and countries.

In addition to this corporate activity, the last few months have seen a continuation of the trend we noted in the last quarterly: LNG purchase contracts being entered into for multiple decades.

For instance, Shell recently signed a contract with Qatar for gas to be delivered to the Netherlands for a 27 year period. This shows that real commercial dealings underpin the longer term health of our industry.

In Australia there is some disconnect between this reality of how long term and challenging the energy transition is versus what some politicians would like to be the case of an easy, short term and painless change. However, in the end of the day these political strategies - that are remarkably similar to those adopted by King Canute more than a millennium ago - will inevitably face the same drenching reality.

As we move increasingly closer to that point, Governments will have to support the development of the material gas resources in the likes of the Taroom Trough in Queensland that will be required to meet both domestic and international needs for decades to come.

Our imminent Daydream-2 well is therefore very well placed – in time and geographical location – to increase and de-risk large gas resources to meet these needs.

In Mongolia, our coal bed methane pilot at Nomgon is demonstrating remarkably similar characteristics as experienced in Australia in previous decades – the production of gas generally takes some time and requires the applications of learnings that can only be acquired from real experience. Over the coming months the pilot will be managed very closely to bring gas production up slowly but surely.



Site work for Daydream-2

MONGOLIAN GAS – NOMGON CBM PSC PROJECT

Elixir Energy Limited (“Elixir”) has a 100% interest in the Nomgon IX Coal Bed Methane (CBM) Profit Sharing Contract (PSC), located proximate to the Chinese border in Mongolia’s South Gobi region. The 30,000 square kilometre PSC was executed with the Mongolian Government in September 2018 and formally commenced in 2019.

The PSC has a minimum ten year exploration period and a thirty year (extendable) production period. Elixir is substantially ahead of its exploration expenditure commitments under the PSC, even notwithstanding the force majeure event caused by COVID-19 in recent years.

During the quarter the main focus areas were as follows:

- Expanding the Nomgon Pilot Project through the successful drilling of a new pilot well: Nomgon-10.
- Ongoing production testing at the Nomgon Pilot Project.
- The exploration and appraisal drilling program for calendar 2023 was largely undertaken in the better weather conditions in the quarter, with successful CBM discoveries being made in the Big Slope and Yangir sub-basins.

All work was undertaken safely, in accordance with local community expectations and without environmental incident.

AUSTRALIAN GAS – GRANDIS GAS PROJECT (ATP 2044)

Elixir has a 100% interest in petroleum exploration licence ATP 2044 located in Queensland (the Grandis Gas Project). This 1,000 square kilometre tenement is located proximate to the Wallumbilla gas hub and can access domestic and international gas markets.

During the quarter the Company undertook all the necessary technical, legal and commercial work required to initiate the spud of Grandis’ first well - the Daydream-2 appraisal well, which is now due imminently.

Elixir entered into a Data Sharing Agreement with neighbouring tenement holder Santos, which provides a framework for sharing well data and other technical cooperation.

After the end of the quarter, entered into a Term Sheet with Radium Capital under which the latter will provide the Company with a plain vanilla debt facility secured over R&D rebates due in connection with expenditure made in the current fiscal year.

MONGOLIAN GREEN HYDROGEN - GOBI H2 PROJECT

The *Gobi H2* green hydrogen project is located in Southern Mongolia and is being progressed by Elixir and Japanese company Terras Energy (a 85% owned subsidiary of Toyota Tsusho Corp.).

A key focus for the project in the quarter was engaging with potential hydrogen customers – in Mongolian and China.

ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)

Elixir considers stakeholder engagement – particularly with local people in the areas of operations - to be critical for all of its projects, no matter where they are located.

In Mongolia in the quarter, Elixir continued to support tree planting operations in the Nomgon area of the South Gobi.

In Queensland, Elixir was pleased to formally engage with the traditional owners of the Grandis area – the Mandandanji people – whose representatives cleared the Daydream-2 site for cultural heritage purposes. Elixir and this group expect to sign a formal Cultural Heritage Management Agreement shortly, that provides a long term framework for engagement in the area.

CORPORATE AND FINANCIAL

Capital raising

During the quarter the Company undertook a placement that raised \$7 million. A Share Purchase Plan (SPP) was also announced, which closed after the end of the quarter, and which raised \$1.7 million.

Changes in Issued Capital

During the quarter the following changes in issued capital occurred:

On 3 July 2023, 19,400,000 Performance Rights were converted into fully paid ordinary shares.

On 5 September 2023, 97,928,584 ordinary shares were issued at 7 cents per share as part of an equity raising placement.

On 29 September 2023, 4,750,000 unlisted options expired.

The fully diluted equity structure of Elixir as at 30 September 2023 was as follows:

Security type	Number
Ordinary shares	1,029,765,894
Unlisted performance rights	8,800,000
Unlisted employee options	1,580,000

On the 16 October 2023, the Company held its Annual General Meeting (**AGM**). The Shareholder approved the following security issues that occurred on 17 October 2023:

- 2,071,416 ordinary shares were issued at 7 cents per share as part of an equity raising placement.
- 24,636,515 ordinary shares were issued at 7 cents per share as part of an equity raising Share Purchase Plan.
- 62,318,296 listed options exercise price 12 cents and expire date of 17 October 2026 that were issued as part of the equity raising (refer to AGM notice of meeting for further details).
- 2,000,000 Performance Rights to be issued to Neil Young, expiry date 30 June 2027, no consideration (refer to AGM notice of meeting for further details).
- 9,000,000 Incentive Options with an exercise price 15 cents expiry date 17 October 2026, to Non-Executive Directors (refer to AGM notice of meeting for further details).

ASX ANNOUNCEMENT

The fully diluted equity structure of Elixir as at the date of this report was as follows:

Security type	Number
Ordinary shares	1,056,473,825
Listed Options	62,318,296
Unlisted performance rights	10,800,000
Unlisted employee options	10,580,000

Financial

Elixir's cash reserves as at 30 September 2023 were \$11.3 million. The Company has no debt.

During the quarter, the Company spent \$3.9 million on exploration activities, primarily on long lead items, etc, for the Daydream-2 well and the Nomgon PSC drilling campaign.

Board and Management

No changes to Board and Management occurred in the quarter.

Annual and other General Meetings

The Company's Annual General Meeting was held after the end of the quarter on 16 October 2023. All resolutions were passed at the AGM. Refer to the above section *Changes in Equity capital* for further information on the resolutions.

Appendix 5B Disclosures

The attached Appendix 5B includes an amount of \$176,000 in item 6.1, which constitutes compensation for the Managing Director and non-executive director fees paid during the quarter. In addition, \$67,000 was paid to Key Management Personnel for services provided and reimbursement of expenses. There were no other related party transactions.

SUMMARY OF PETROLEUM TENEMENTS HELD AS AT 30 JUNE 2022

	% Interest	Tenement	Location
Held at end of quarter	100% 100%	Nomgon IX CBM PSC ATP 2044	Southern Mongolia Queensland
Acquired during quarter	-	-	-
Disposed during quarter	-	-	-

By authority of the Board:

Neil Young - Managing Director
Elixir Energy Ltd (ABN 51 108 230 995)
Unit 3B Level 3, 60 Hindmarsh Square
Adelaide SA 5000, Australia

For further information, please visit the Company's website at www.elixirenergy.com.au

Appendix 5B

Mining exploration entity or oil and gas exploration entity
quarterly cash flow report

Name of entity		
Elixir Energy Limited		
ABN		Quarter ended ("current quarter")
51 108 230 995		30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(176)	(176)
	(e) administration and corporate costs	(558)	(558)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	56	56
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(678)	(678)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) exploration asset	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(57)	(57)
	(d) exploration & evaluation (capitalised)	(3,948)	(3,948)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(4,005)	(4,005)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,855	6,855
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) Share Issue costs	(470)	(470)
3.10	Net cash from / (used in) financing activities	6,385	6,385
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,555	9,555
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(678)	(678)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,005)	(4,005)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,385	6,385
4.5	Effect of movement in exchange rates on cash held	26	26
4.6	Cash and cash equivalents at end of period	11,283	11,283

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,840	10,840
5.2	Call deposits	30	30
5.3	Bank overdrafts	-	-
5.4	Restricted cash	413	413
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,283	11,283

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	243
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Total payments of \$244k to related parties for the quarter consisted of:

- non-executive directors' fees and executive director salaries in item 6.1 \$176K
- Key Management fees and reimbursement of expenses in item 6.1 \$67k

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(678)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(3,948)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(4,626)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	11,283
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	11,283
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.44
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 October 2023

Date:

By the Board

Authorised by:
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.