

30 January 2024

**QUARTERLY ACTIVITIES REPORT FOR THE
PERIOD ENDED 31 DECEMBER 2023****HIGHLIGHTS**

- Daydream-2 well successfully drilled on time and under budget
- Gas flowed from a permeable zone provided unexpected upside
- Daydream-2 now proceeding to stimulation and flow testing stages
- Nomgon pilot continues to make steady progress
- \$1.8 million received from Origin Energy under Information Sharing Agreement
- Strong “net” cash position of \$16 million fully funds work programs for the year

MANGAGING DIRECTOR’S REPORT TO SHAREHOLDERS FOR THE QUARTER

During the last quarter Elixir drilled the highest impact well in the Company’s history: Daydream-2:



Daydream-2 Flare

ASX ANNOUNCEMENT

The results from this well greatly exceeded our pre-drill expectations on multiple fronts:

- The well was drilled safely, on time and under budget, to a depth of 4,300 metres. Elixir understands this is the deepest well drilled in Queensland for a decade and this achievement is a great credit to our internal team and suite of contractors
- The target gas-bearing Permian section was logged with a gross 607 metres. This section will be the subject of a multiple interval stimulation and flow testing program in the first half of 2024.
- An initial net pay figure in the gas-bearing sandstones in the was logged at 154 metres. This figure is subject to further ongoing analysis.
- An additional 65 metres of gassy coals were logged. Elixir's plans for the next 6 months include the stimulation and flow testing of these coals, which if successful should add material new contingent resources.
- An unexpected permeable zone was intersected – which free-flowed gas to surface without stimulation from a depth of 4,200 metres.
- Strong over-pressures were encountered – which is a key factor to support strong flow rates, ultimate recoveries per well – and hence development economics.

Work is now well underway in analysing and integrating the extensive data gathered to optimize the imminent stimulation and flow testing program.

Laboratory work on various cuttings obtained from sandstone and coal intervals is due to be finalized and reported on shortly.



Extensive samples collected by Daydream-2 mudlogging unit are now under lab analysis

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Multiple stakeholder engagement and securing the support of local communities for the areas in which we operate is a key priority for Elixir. In that light, Elixir's Board was pleased to meet with representatives of the Mandandanji people and execute an enduring Cultural Heritage Management Agreement (CHMA) This provides a framework under which future work in the broader Grandis Project can be managed effectively from all parties point of view.



Execution of the CHMA

Drilling a well to a depth of 4,300 metres requires significant funding and Elixir was pleased to receive strong support for a placement in December – at a premium price to an earlier placement made just a few months before.

We were even more pleased to secure completely non-dilutive funding from a number of other sources:

- Elixir received its first research and development (R&D) tax credit from the Australian Tax Office with respect to the expenditure on Daydream-2. Around \$415,000 was banked in the quarter in connection with expenditure made in the financial year ended 30 June 2023.
- In the six months to 31 December 2023, further qualifying expenditure has allowed the Company to book a receivable of \$4.8 million, which will be paid by the Tax Office later this year as part of a larger payment due in connection with the total expenditure to be made in the financial year ending 30 June 2024.
- Elixir has signed a term sheet with Radium Capital in connection with a non-recourse debt facility secured solely on this upcoming R&D credit. This provides the Company with significant flexibility in managing its balance sheet over the course of the rest of this year.
- The second source of non-dilutive funding was arguably even more pleasing, as it arose from a deal structure that Elixir believes is a first in Australia if not the world. This was the receipt of a net payment of \$1 million from Origin Energy in connection with the provision of data relevant to its over-lapping carbon, capture and storage (CCS) licence. In addition, Origin paid all the incremental logging and rig time costs required to gather this data. This was a truly win/win/win outcome for Elixir, Origin – and the State of Queensland – as data was gathered from one rather than two holes being drilled.

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With a cash balance as at 31 December 2023 of \$11.2 million – and the receivable noted above of \$4.8 million – the Company had an effective “net” cash position of \$16 million as at year end.

In Mongolia the current focus remains on the Nomgon Pilot Project. Over the course of 2024, the Company plans to progressively de-water and gradually build up sustainable gas flows, with a view to demonstrating commerciality. Elixir’s technical team considers the early gas flows from the pilot was most likely a sign of a dual porosity/permeability system, with a small volume of gas from natural fractures flowing first – and with much larger volumes to be gradually desorbed from the coal matrix as the reservoir is de-watered.

Although this process takes time, it is typical of early stage coal bed methane pilots around the world and should de-risk the overall Nomgon PSC substantially.

The Company’s Gobi H2 project in Mongolia is also proceeding at a measured pace, with a particular focus on engaging with potential hydrogen off-takers.

The key corporate objective for Elixir in 2024 will be to identify possible partners to take both Grandis and Nomgon to their next stages. This reflects the Company’s strategy of being an early mover into areas, which once de-risked, are likely to be attractive to the much larger players in our industry who have the balance sheets and extensive skill sets to move to large scale development and production.

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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 in proximity to the Wallumbilla gas hub and can access domestic and international gas markets.

The key commitment under this licence is to drill and stimulate a deep well - basically the completion of the current Daydream-2 program.

During the quarter:

- The Daydream-2 appraisal well was successfully drilled, on time and under budget.
- All pre-drill objectives of the well were met or exceeded.
- Additionally, the well unexpectedly encountered a free flowing zone and gas was circulated to surface and flared.
- Halliburton was secured as lead contractor for the next stimulation phase of the well.
- Data was obtained for Origin Energy under the Information Sharing Agreement with it. Origin paid Elixir \$1.8M in the quarter under this Agreement.
- A Term Sheet was entered into with Radium Capital for non-recourse debt secured on the R&D tax credit due. A payment of \$0.4M was received from the Federal Government for expenditure made in the year ended 30 June 2023.
- A Cultural Heritage & Management Agreement was executed with the Mandandanji people. This provides a framework for long term engagement across the licence.

All work was undertaken safely, in accordance with local community expectations and without environmental or other negative incidents.

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 in proximity 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:

- Ongoing production testing at the Nomgon Pilot Project.
- The exploration and appraisal drilling program for calendar 2023 was finalised at the start of the quarter.

All work was undertaken safely, in accordance with local community expectations and without environmental or other negative incidents.

In January the mandatory annual meeting was held with the petroleum regulator and the formal annual budget for 2024 was submitted.

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MONGOLIAN GREEN HYDROGEN - GOBI H2 PROJECT

The *Gobi H2* green hydrogen project is located in Southern Mongolia and is the subject of a non-binding term sheet between Elixir and Japanese company Terras Energy (a 85% owned subsidiary of Toyota Tsusho Corp).

In the quarter the project continued to engage with potential hydrogen customers – in Mongolia 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.

In Queensland, the Board of Elixir was pleased to formally meet with representatives of the Mandandanji people and sign a formal Cultural Heritage Management Agreement. This provides a long term framework for engagement in the area.

In Mongolia in the quarter, Elixir continued to support local communities in a number of ways.

CORPORATE AND FINANCIAL

Capital raising

In October 2023, the Company received \$1.8 million from the Share Purchase Plan announced on 29 August 2023.

In December 2023 the Company undertook a placement that raised \$6.5 million.

Changes in Issued Capital

On 17 October 2023 24,636,515 new ordinary shares were issued under a Share Purchase Plan and 2,071,416 new ordinary shares were issued under a Placement.

On 19 December 2023 76,176,470 new ordinary shares were issued under a Placement. Attaching and broker listed options associated with this placement will be issued in February.

Securities on issue as at 31 December 2023 were as follows:

Security type	Number
Ordinary shares	1,132,650,295
Listed options *	62,318,296
Unlisted performance rights	10,800,000
Unlisted employee options	10,580,000

* - a further 31,490,196 listed options will be issued in February 2024 as part of the December 2023 placement.

Financial

Elixir's cash reserves as at 31 December 2023 were \$11.2 million.

As at half year end, a receivable of \$4.8 million in connection the R&D tax credit due to be paid in connection with qualifying expenditure on Daydream-2 has been recorded (unaudited). The Company has signed a Term Sheet with debt provider Radium Capital effectively solely secured on this receivable.

The Company has no debt.

As such, the net cash position can be characterized as \$16 million.

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During the quarter, the Company spent \$8.2 million on exploration activities, primarily on the Daydream-2 well.

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 in the quarter on 16 October 2023. All resolutions were approved.

Appendix 5B Disclosures

The attached Appendix 5B includes an amount of \$296,000 in item 6.1, which constitutes compensation for the Managing Director and non-executive director fees paid during the quarter. In addition, \$20,000 was paid to Key Management Personnel for services provided. There were no other related party transactions.

SUMMARY OF PETROLEUM TENEMENTS HELD AS AT 31 DECEMBER 2023

	% 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		31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(286)	(462)
	(e) administration and corporate costs	(895)	(1,453)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	77	133
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	(1,104)	(1,782)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) exploration asset	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(53)	(110)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) exploration & evaluation Capitalised	(8,153)	(12,101)
	R&D incentive	415	415
	Other income (net of costs)	1,000	1,000
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation		
	(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	(6,791)	(10,796)
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,345	15,200
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	(473)	(943)
3.10	Net cash from / (used in) financing activities	7,872	14,257

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,283	9,555
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,104)	(1,782)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,791)	(10,796)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,872	14,257
4.5	Effect of movement in exchange rates on cash held	(35)	(9)
4.6	Cash and cash equivalents at end of period	11,225	11,225

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	10,932	10,840
5.2	Call deposits	30	30
5.3	Bank overdrafts	-	-
5.4	Restricted cash	263	413
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,225	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	3016
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p>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</p> <p>Total payments of \$306k to related parties for the quarter consisted of:</p> <ul style="list-style-type: none"> • non-executive directors' fees and executive director salaries in item 6.1 \$296K • Key Management fees and reimbursement of expenses in item 6.1 \$20k 		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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	<p>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.</p> <p>As at half year end, a receivable of \$4.8 million in connection the R&D tax credit due to be paid in connection with qualifying expenditure on Daydream-2 has been recorded (unaudited). The Company has signed a Term Sheet with debt provider Radium Capital effectively solely secured on this receivable. Once full loan documentation has been finalized the Company will be able to draw down 80% of this receivable, being \$3.8 million as at the 31 December 2023. At 31 December 2023 the Company has not drawn down on the facility.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,104)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(6,738)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(7,842)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	11,225
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	11,225
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.43
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: Future quarters exploration expenditure will be significantly lower as the Grandis Daydream-2 drill rig was released in late December 2023.
	8.8.2	Has the Company 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: As at 31 December 2023 the Company has a receivable of \$4.8 million in connection to the R&D tax credit due to be paid in connection with qualifying expenditure on Grandis gas project Daydream-2 well. The Company has signed a Term Sheet with debt provider Radium Capital, effectively solely secured on this receivable. The Company is expected to be able to draw down 80% of this receivable, being \$3.8 million as at the 31 December 2023, once the full documentation has been finalised with Radium Capital.
	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: The entity is able to continue its operations and strive towards meeting its business objectives, as future exploration expenditure will be lower. R&D tax credits will be paid either in advance via a loan or after the 30 June 2024 once the claim is lodged.
	<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.

30 January 2024

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 – e.g. 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.