

30 April 2024

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2024

HIGHLIGHTS

- Daydream-2 successfully flowed from the Lorelle Sandstone without stimulation
- Very material increase in prospective resources in deep coals
- Analysis undertaken post end of quarter indicates the Lorelle alone could produce a commercial flow rate
- Daydream-2 program remains fully funded with current cash equivalent held of \$11.9M

MANGAGING DIRECTOR'S REPORT TO SHAREHOLDERS FOR THE QUARTER

Following the drilling of the Daydream-2 well at the end of the December quarter, the March quarter has been one of intense analysis and preparation for the next phase of the Grandis appraisal program.

Just after the end of the quarter, that phase kicked off with the successful flowing of gas from the Lorelle Sandstone at ~4,200 metres – critically, without stimulation, which is a first for the Taroom Trough.¹

This activity is occurring at a time of now widespread recognition that the East Coast Australian gas market faces imminent supply shortfalls, prices are high and expected to stay high, and growing international geo-political tensions put a premium on LNG supplies from stable countries like Australia.



Daydream-2 Lease during 2nd flow period of Lorelle Sandstone

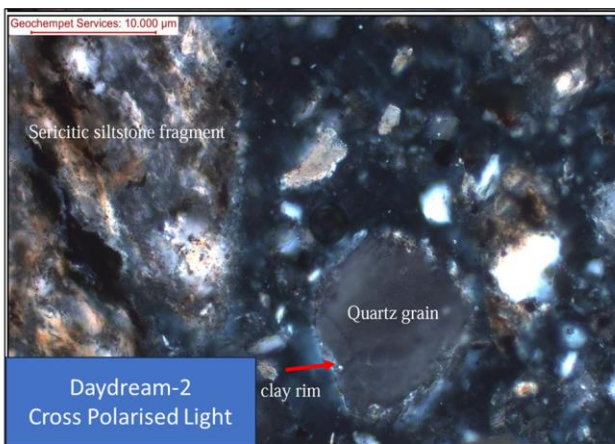
¹ ASX announcement of 7 December 2023

ASX ANNOUNCEMENT

The drilling of the Daydream-2 well late in 2023 finished up with a unexpected but very pleasant surprise – gas free flowing from a formation at a depth of 4,200 metres (called the Lorelle sandstone) – something not encountered in the Taroom Trough before.

The primary targets of Daydream-2 are tight gas and coal formations that require stimulation to flow – a free-flowing zone adds a lot to these in terms of economics (lower costs, possibly lower decline rates, energy in the well-bore, etc).

In January we undertook laboratory analysis of samples obtained from the sands captured at the wellsite from the Lorelle sandstone. This work identified clay rims on the sands that preserved porosity in this highly pressured deep zone. These results are analogous with the high productivity deep Permian section of the Perth Basin which has been a source of enormous success in recent years.²



Sample 5; 4212 – 4215m; Res Pressure: 9400 psia

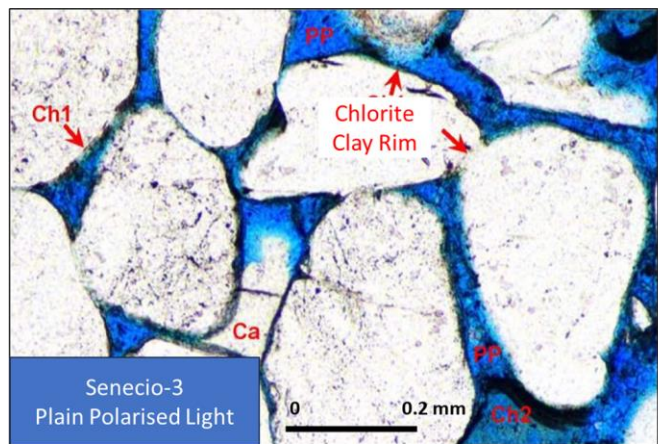


Plate 64; 3176.5m; Res Pressure: 5032 psia. Source: AWE Limited

Daydream-2 (Taroom Trough) and Senecio-3 (Perth Basin) Clay Rims Comparison

Samples of deep coals were also obtained during the drilling of Daydream-2 and were subjected to laboratory analysis to seek to measure gas content. Elixir understands that this was the first such analysis undertaken in the Taroom Trough. The results indicated much higher than expected gas contents – 34 cubic metres per tonne (Dry Ash Free).³

This led to a very significant re-rating of the Company's internal assessment of the prospective resources in these deep coals to 3.6 trillion cubic feet – 2U.⁴

A key objective of the next phase of the Daydream-2 program is to seek to flow gas from these deep coals – something not attempted before. If successful, this should lead to a material increase in the contingent resources bookings for Grandis.

Elixir plans to prepare an updated contingent resource report in the coming months once all data is garnered from Daydream-2. This will address not only the coals, but also the Lorelle sandstone, updated net pay figures, depth cut-offs, etc. To date all expectations built into the original contingent resource report have been exceeded.

The stimulation and testing phase of the Daydream-2 program has experienced a small delay post the end of the quarter due to contractor and other operational issues.⁵

² ASX announcement of 6 February 2024

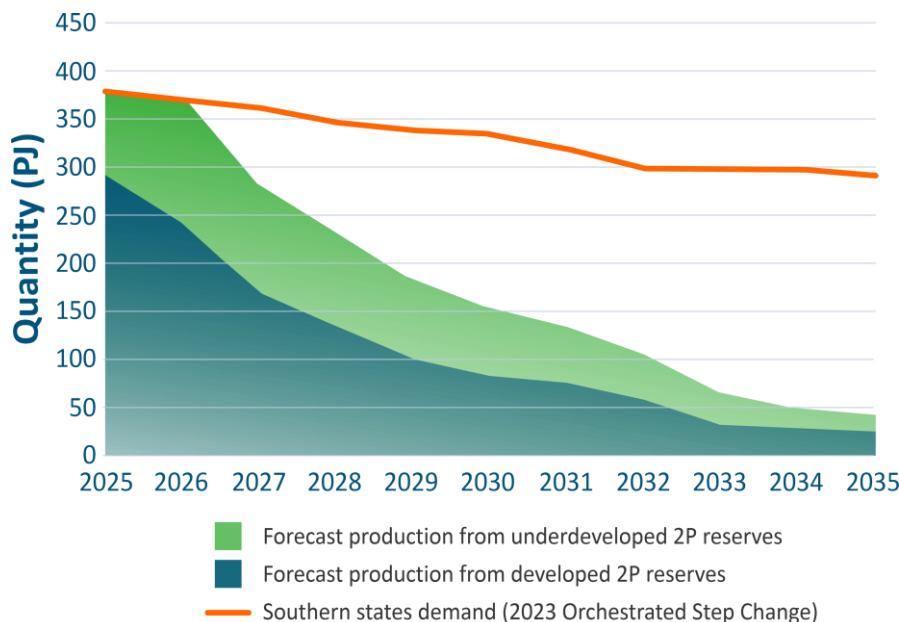
³ ASX announcement of 21 February 2024

⁴ ASX announcement of 21 February 2024

⁵ ASX announcement of 29 April 2024

ASX ANNOUNCEMENT

Given the rapidly emerging supply shortfall in East Coast gas markets, the current activities by Elixir and other Operators in the Taroom Trough is attracting growing attention from larger oil and gas companies, customers and Governments.



Source: ACCC

Amongst other factors, this interest reflects the competitive advantages the Taroom Trough provides over other potential supply sources, which include:

- LNG import plants such as the nearly finished facility at Port Kembla in New South Wales will only be able to supply gas at international prices plus the costs of the facility itself – which would be in the region of A\$20/GJ.
- The Taroom Trough lies immediately proximate to the Wallumbilla gas hub – which provides both an ability to make spot sales – but more importantly avoids material gas transmission costs that would arise from more distant gas basins.
- Elixir has confirmed that the gas composition in the Grandis gas project has low CO₂ – less than pipeline specification. This reduces processing costs, taxation risks, processing plant complexity (and hence risks of capital cost over-runs), risks of financiers baulking at high CO₂ projects, etc.

Elixir is accordingly engaging with various potential future partners and offtakers for its Grandis gas project – in both Australia and in for instance the USA, where the industry has developed very substantial skills in producing tight gas at low cost.

Notwithstanding the Company's intense focus on Grandis in recent times, it is still progressing its Mongolian gas and hydrogen projects – and is also undertaking various discussions with respect to partnering and offtake for those.

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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 proximate 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 flowed gas from the Lorelle Sandstone without stimulation.
- Laboratory analysis of the sand samples obtained from the Lorelle indicated the presence of clay rims, which would have preserved porosity and permeability to allow this free flow of gas.
- Laboratory work on coal samples obtained whilst drilling indicated significantly larger than expected gas contents. This then led to a material increase in booked prospective resources in the coals.
- Preparatory work was undertaken with Halliburton and associated sub-contractors for the stimulation phase of the appraisal program – which commenced after the end of the quarter.
- Post the end of the quarter the stimulation phase encountered a number of logistical and other operational delays. This part of the program is planned to recommence in a few months.

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.

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 and approved.

MONGOLIAN GREEN HYDROGEN - GOBI H2 PROJECT

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

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

ASX ANNOUNCEMENT

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 Company is currently providing the material local economic boost that comes from oil and gas operations – including utilizing multiple local accommodation venues, etc.

In Mongolia in the quarter, Elixir continues to support local communities in a number of ways and has commenced planning for this year's additions to its multi-year program of tree-planting in the key local district in which it operates.

CORPORATE AND FINANCIAL

Capital raising

There were no equity capital raising activities in the quarter.

Changes in Issued Capital

In February 2024, 31,392,182 listed options were issued as part of the December 2023 placement.

Securities on issue as at 31 March 2024 were as follows:

| Security type | Number |
|-----------------------------|---------------|
| Ordinary shares | 1,132,650,295 |
| Listed options | 93,710,478 |
| Unlisted performance rights | 10,800,000 |
| Unlisted employee options | 10,580,000 |

Financial

Elixir's cash reserves as at 31 March 2024 were \$5.9 million.

As at the end of the quarter, a receivable of \$6 million in connection the R&D tax credit due to be paid in connection with qualifying expenditure on Daydream-2 has been recorded (unaudited).

As such, the net cash position as at the end of the quarter can be characterized as \$11.9 million.

During the quarter, the Company spent \$5 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

No General Meetings were held during the quarter.

Appendix 5B Disclosures

The attached Appendix 5B includes an amount of \$220,324 in item 6.1, which constitutes compensation for the Managing Director and non-executive director fees paid during the quarter. In addition, \$37,758 was paid to Key Management Personnel for services provided. There were no other related party transactions.

ASX ANNOUNCEMENT

SUMMARY OF PETROLEUM TENEMENTS HELD AS AT 31 MARCH 2024

| | % 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 March 2024 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 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 | (221) | (683) |
| | (e) administration and corporate costs | (199) | (1,652) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 70 | 203 |
| 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 | (350) | (2,132) |

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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--|--|----------------------------|---------------------------------------|
| | (d) exploration & evaluation Capitalised | (4,995) | (17,096) |
| | R&D incentive | - | 415 |
| | Other income (net of costs) | - | 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 | (4,995) | (15,791) |
| 3. Cash flows from financing activities | | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 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 | (20) | (963) |
| 3.10 | Net cash from / (used in) financing activities | (20) | 14,237 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 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 | 11,225 | 9,555 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (350) | (2,132) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (4,995) | (15,791) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (20) | 14,237 |
| 4.5 | Effect of movement in exchange rates on cash held | 23 | 14 |
| 4.6 | Cash and cash equivalents at end of period | 5,883 | 5,883 |

| 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 | 5,446 | 10,932 |
| 5.2 | Call deposits | 30 | 30 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Restricted cash | 407 | 263 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 5,883 | 11,225 |

| 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 | 258 |
| 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 \$258k 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 \$220K • Key Management fees and reimbursement of expenses in item 6.1 \$38k | | |

| 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 31 March 2024, a receivable of \$6.0 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 (ASX announcement of 3 October 2023), which it has yet to draw upon.</p> | | |

| 8. | Estimated cash available for future operating activities | \$A'000 |
|-----|---|---|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9) | (350) |
| 8.2 | Capitalised exploration & evaluation (Item 2.1(d)) | (4,995) |
| 8.3 | Total relevant outgoings (Item 8.1 + Item 8.2) | (5,345) |
| 8.4 | Cash and cash equivalents at quarter end (Item 4.6) | 5,883 |
| 8.5 | Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 | Total available funding (Item 8.4 + Item 8.5) | 5,883 |
| 8.7 | Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 1.1 |
| 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: The next quarter's exploration expenditure will be similar but is more than covered by current cash, the R&D receivable and the associated debt facility noted above. |
| | 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 March 2024 the Company has a receivable of \$6 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, which it has yet to draw upon. The Company expects to draw this down in the next quarter. |
| | 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 April 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.