

31 July 2024

**QUARTERLY ACTIVITIES REPORT FOR THE
PERIOD ENDED 30 JUNE 2024****HIGHLIGHTS**

- Daydream-2 program has now resumed following operational interruptions in the quarter
- Material 328% increase in independently certified 2C contingent resources booked
- Elixir preferred tenderer for new acreage in Queensland to expand Project Grandis
- Nomgon Pilot Project on track for sustained gas breakthrough by year end
- New equity funds and non-recourse debt strengthen the balance sheet

MANGAGING DIRECTOR'S REPORT TO SHAREHOLDERS FOR THE QUARTER

The Daydream-2 appraisal program was again the key focus for Elixir during the quarter – and that remains the case moving into July and beyond.

In April we were very pleased to conduct a successful flow-test on the Lorelle sandstone – achieving a stabilized flow rate of 1.3 million standard cubic feet per day (mmscfd).¹



We thereafter moved into the stimulation phase of the program, but experienced some operational problems – since rectified – which caused a few months delay.

¹ ASX announcement of 5 April 2024

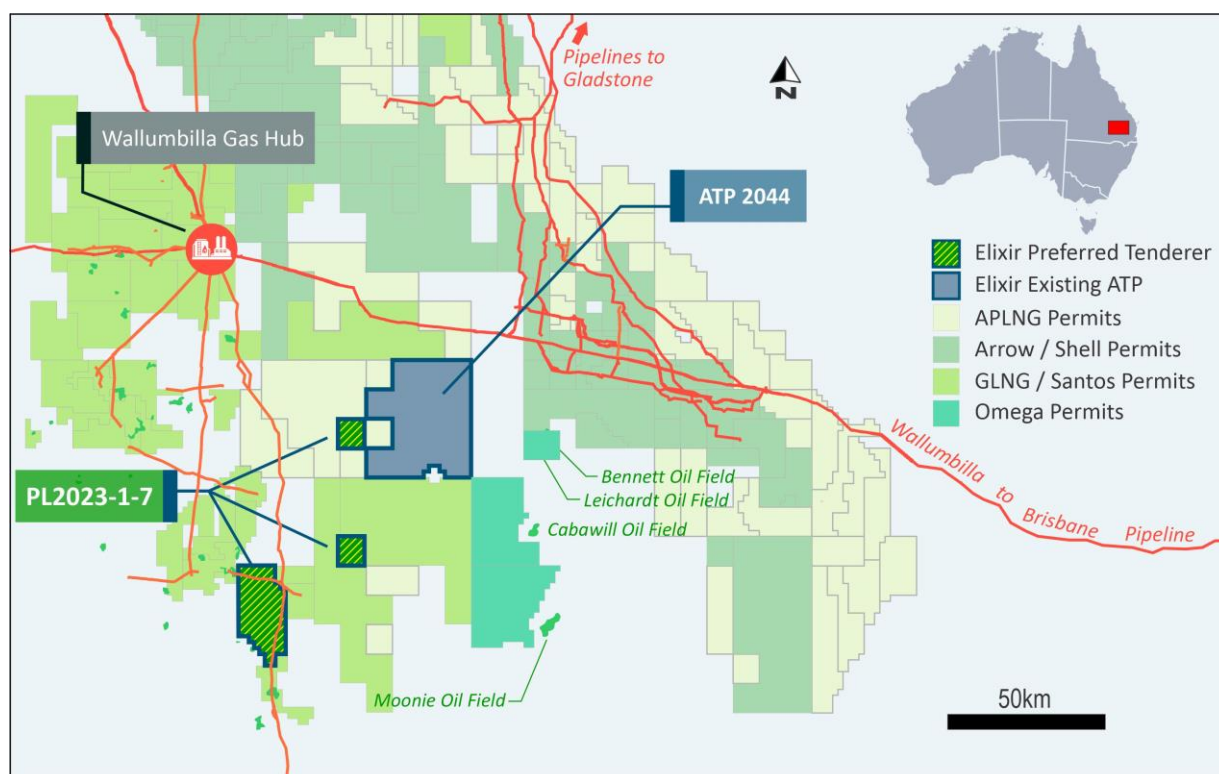
ASX ANNOUNCEMENT

Data gained from the work done to date did feed into a material increase in our independently certified contingent resource booking (to 1.4 trillion cubic feet of 2C resources²) which was in addition to the upgrade in our internally estimated prospective resources announced in the prior quarter. The table setting out these contingent resources is as follows (please refer to the qualifications made in the ASX announcement dated 27 May 2024):

ERCE Contingent Resource Certification						
	1C		2C		3C	
	Gas BCF	Condensate MMbbls	Gas BCF	Condensate MMbbls	Gas BCF	Condensate MMbbls
November 2022	93	0.7	395	3.6	1,493	17.3
May 2024	405	3.0	1,297	10.8	4,290	36.1
% Increase	435%	429%	328%	300%	287%	209%

The aggregate contingent resources in the overall Taroom Trough that have been booked by multiple operators are now very material and are exceptionally well located to supply growing shortfalls in domestic and international gas markets. Elixir is cooperating with these other operators on various fronts – all parties recognize that all of the gas is required and as such we are not competitors for a finite market.

We were pleased to add to our Taroom Trough position through the successful participation in a Queensland Government acreage gazettal round, under which we were deemed the preferred tenderer for PLR2023-1-7³. We are currently processing various administrative requirements in connection with this and expect petroleum exploration licence ATP 2077 to be granted in the coming months.



² ASX announcement of 27 May 2024

³ ASX announcement of 20 June 2024

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During the quarter the Federal Government published a Future Gas Strategy which explicitly recognized the vital role that gas will play for many decades to come, as exemplified by the following statement from the Minister for Resources, the Hon Madeleine King MP:

“The findings are clear. Under all credible net zero scenarios, natural gas is needed through to 2050 and beyond, though its production and use will change over this period. Gas will be essential to the transition because our energy system needs gas to achieve net zero⁴.”

The Future Gas Strategy set out six principles and we compare each of them below to our own corporate strategy underpinning our Grandis Gas Project (the answers necessarily assume success in our appraisal program):

Principle 1 – *Australia is committed to supporting global emissions reductions to reduce the impacts of climate change and will reach net zero emissions by 2050.*

Gas in the Taroom Trough can be brought into production much more rapidly than more distant supply sources and supply Australian and international markets in the decades to come. Elixir’s appraisal results to date confirm raw gas sourced from the Taroom Trough has a low carbon dioxide component.

Principle 2 – *Gas must remain affordable for Australian users throughout the transition to net zero.*

Elixir’s modelling indicates gas produced from the Taroom Trough should cost considerably less than the LNG imports expected to be required to meet East Coast gas demand.

Principle 3 – *New sources of gas supply are needed to meet demand during the economy wide transition.*

The Taroom Trough is a very well located potential new source of material gas volumes that are required to meet East Coast gas demand.

Principle 4 – *Reliable gas supply will gradually and inevitably support a shift towards higher value and non-substitutable gas uses. Households will continue to have a choice over how their energy needs are met.*

Successful gas developments in the Taroom Trough should readily access existing gas transmission infrastructure and reliably supply customers.

Principle 5 – *Gas and electricity markets must adapt to remain fit for purpose throughout the energy transformation.*

The Grandis Gas Project is located proximate to existing and planned gas fired electricity generators which will increasingly be required to underpin intermittent renewable electricity sources.

Principle 6 – *Australia is, and will remain, a reliable trading partner for energy, including liquefied natural gas (LNG) and low-emissions gases.*

Grandis is legally unconstrained in supplying LNG markets (via Gladstone) and is expected to be of interest to Australia’s international gas customers.

Notwithstanding our primary focus on Grandis in the quarter, the Nomgon Pilot Project continued to make solid progress towards the goal of achieving gas desorption breakthrough. Current estimates are that this could be achieved by year end⁵.

On the financial side, a successful equity raising was closed in July – with \$6.25M raised⁶. In addition, we established and drew upon a non-recourse debt facility secured only against the R&D tax credit due to be paid later this year. Elixir’s balance sheet is accordingly strong and positions the company well to move to the next phases of the Grandis and Nomgon Gas Projects.

⁴ <https://www.industry.gov.au/sites/default/files/2024-05/future-gas-strategy-in-brief.pdf>

⁵ ASX announcement of 2 July 2024

⁶ ASX announcement of 25 July 2024

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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.

During the quarter the Queensland Government notified Elixir that it was the preferred tenderer for a gazetted licence area adjacent to ATP 2044. The Company is currently managing the relevant environmental and native title processes required for the licence to be formally granted.

During the quarter:

- The Daydream-2 appraisal well flowed gas from the Lorelle Sandstone without stimulation.
- The stimulation phase initiated in April encountered a number of logistical and other operational delays, which were subsequently remedied. The program is now recommencing.
- A material increase in contingent resources was independently certified.
- Elixir was appointed as preferred tenderer for new acreage adjacent to ATP 2044.

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 area was on ongoing production testing at the Nomgon Pilot Project. The Pilot continues to successfully de-water the coals and reduce reservoir pressure, with a view to initiating sustained production from desorption by the end of the year.

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

MONGOLIAN GREEN HYDROGEN - GOBI H2 PROJECT

The *Gobi H2* green hydrogen project is located in Southern Mongolia. In the quarter the project continued to engage with potential hydrogen customers.

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’s recent operations provided the 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 in the last quarter initiated this year’s additions to its multi-year program of tree-planting in the key local district in which it operates.

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CORPORATE AND FINANCIAL

Capital raising

There were no equity capital raising activities in the quarter. In July a placement was undertaken, raising \$6.25 million at a price of 10 cents per share (with a one for four matching EXROB listed option issued to the placees).

Changes in Issued Capital

During the quarter 1,328,571 listed options were exercised and 1,000,000 performance rights issued to employees/consultants.

Securities on issue as at 30 June 2024 were as follows:

Security type	Number
Ordinary shares	1,133,978,866
Listed options	92,381,907
Unlisted performance rights	10,650,000
Unlisted employee options	10,000,000

Since the period end:

- 62,500,000 Shares, 15,625,005 Listed Options (free attaching options) and 3,125,000 Listed Options (Broker options) under a Placement announced on 25 July 2024.
- 3,400,000 unlisted performance rights expired and were cancelled.

Financial

Elixir's cash reserves as at 30 June 2024 were \$7.7 million.

As at the end of the quarter, a receivable of \$8.0 million in connection the Research & Development tax credit due to be paid in connection with qualifying expenditure on Daydream-2 has been recorded (unaudited). During the quarter, \$6.2 million was drawn down on a loan secured on the Research & Development tax credit due.

As such, the net cash position as at the end of the quarter can be characterized as \$9.5 million.

During the quarter, the Company spent \$4.5 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 \$131,000 in item 6.1, which constitutes compensation for the Managing Director and non-executive director fees paid during the quarter. In addition, \$49,000 was paid to Key Management Personnel for services provided. There were no other related party transactions.

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SUMMARY OF PETROLEUM TENEMENTS HELD AS AT 30 JUNE 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	-	-	-

Elixir has been appointed by the Queensland Government as the preferred tender for a new exploration area proximate to ATP 2044 - PL2023-1-7. Elixir is currently proceeding to obtain an Environmental Authority (EA) and complete any required native title process before being granted the final Authority to Prospect (ATP 2077). Elixir will own a 100% working interest in the ATP and will be the Operator.

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 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(132)	(815)
	Staff costs capitalised in 2.1 (d)	57	57
	(e) administration and corporate costs	(245)	(1,897)
	Expenses capitalised in 2.1 (d)	290	290
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	51	254
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	21	(2,111)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) exploration asset	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(110)	(220)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) exploration & evaluation Capitalised	(4,505)	(21,601)
	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	(4,615)	(20,406)
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	159	15,359
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	6,245	6,245
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	-	(963)
3.10	Net cash from / (used in) financing activities	6,404	20,641

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	5,883	9,555
4.2	Net cash from / (used in) operating activities (item 1.9 above)	21	(2,111)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,615)	(20,406)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,404	20,641
4.5	Effect of movement in exchange rates on cash held	(28)	(14)
4.6	Cash and cash equivalents at end of period	7,665	7,665

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	7,237	5,446
5.2	Call deposits	30	30
5.3	Bank overdrafts	-	-
5.4	Restricted cash	398	407
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,665	5,883

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	180
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 \$180k 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 \$131K • Key Management fees and reimbursement of expenses in item 6.1 \$49k 		

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	6,245	6,245-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	6,245	6,245
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 30 June 2024, a receivable of \$8.0 million in connection the research and development incentive asset due to be paid in connection with qualifying expenditure on Daydream-2 has been recorded (unaudited).</p> <p>The Group has a secured Research & Development loan agreement with Endpoints Capital Pty Ltd. As at 30 June 2024 the Research & Development Loan is \$6,245,000 (prior quarter \$nil) is secured solely on the research and development incentive receivable asset. Interest is charged at 16% per annum and is accrued daily. The loan and interest are payable on the later of the receipt of the research and development incentive or maturity date. The loan is repayable by the maturity date, being 31 December 2024, subject to two options to extend maturity date by 30 days. The Group will be able to increase its Research & Development loan facility based on anticipated future research and development costs.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	21
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(4,505)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(4,484)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	7,665
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	7,665
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.7
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, future Placement, 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: Since the 30 June 2024 the Company has raised \$6.25 million in connection from a Placement. Refer to announcement dated 25 July 2024 for further details. In addition, \$8m of research and development incentive asset is due to be paid in connection with qualifying expenditure on the Grandis gas project's Daydream-2 well. The Group has drawn down \$6.2m of its Research and Development Loan, which is secured solely on the research and development incentive asset.
	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. Research and Development incentive asset 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.

31 July 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.