12 December 2017

MONGOLIAN TRANSACTION UPDATE

- Golden Horde Limited (GOH) management progresses discussions with Mongolian authorities in Ulaanbaatar
- Timing remains on track for award of CBM PSC in Q1 2018
- Discussions initiated with local drilling contractor for award of initial CBM drilling contract
- Analysis of technical data ongoing with completion of initial desktop studies targeted for early March 2018

Elixir Petroleum Limited (ASX:EXR) is pleased to provide an update on the status of its option to acquire Golden Horde Limited (“GOH”) (the “Acquisition”). At Elixir’s recent Annual General Meeting, shareholders recently overwhelmingly approved the proposed Acquisition. In addition, the deadline for a 3rd party superior offer for GOH recently expired, providing Elixir with a clear path to proceed with the Acquisition upon final award of the coal-bed methane production sharing contract (CBM PSC).

GOH’s Managing Director, Mr Neil Young, recently returned from Mongolia where he has continued his engagement with various arms of Government over the progress of the CBM PSC. Neil attended meetings with various Government departments involved in the award process, including the Mineral Resources and Petroleum Authority of Mongolia (MRPAM), its parent Ministry (the Ministry of Mining and Heavy Industry) and the other key stakeholder departments, being the Ministry of Finance and the Ministry of Energy.

All discussions indicate that the timing of the expected award and execution of the CBM PSC remains on track for Q1 2018. Once granted, the PSC will confer the CBM rights to GOH over an area of more than 7 million acres in the coal rich South Gobi Basin and will allow the commencement of the first CBM focused unconventional exploration programme in Mongolia. The South Gobi Basin hosts the majority of Mongolia’s coal production including one of the world’s largest producing thermal coal deposits, Tavan Tolgoi, which supplies coal to neighbouring China.

Coal samples recently reviewed in country by GOH from the South Gobi Basin (see Figure 1) have confirmed GOH’s previous analysis about the highly prospective nature of such coals for hosting CBM resources with visibly noticeable cleating, a lack of calcinate and high vitrinite.

Elixir intends to host a technical workshop in Brisbane in early 2018 bringing together a number of technical experts who have led similar “basin opening” work programmes in areas such as southern Africa and the east coast of Australia. The practical experience and expertise of others who have commenced CBM exploration over similar large and relatively unexplored areas will be invaluable to Elixir in planning an exploration programme and determining optimum well locations for the proposed 2018 drilling campaign.
In addition to the technical workshop, GOH has also commenced discussions with a local drilling company, which is managed at an operational level by an Australian driller with substantial CBM drilling experience in Queensland’s Bowen Basin. GOH expects to be in a position to enter into a drilling agreement in the first quarter of next year in anticipation of the award of the CBM PSC.

Elixir Managing Director, Mr Dougal Ferguson commented:

“Elixir is now close to completing its technical due diligence and we have now shifted our focus to planning next year’s exploration programme in anticipation of the award of the PSC in the first quarter of 2018. We are working with Neil Young from Golden Horde to develop and plan a work programme that has technical rigour and we are actively building our own in house expertise to ensure we have the best chance of success in this highly prospective but under explored basin.”

Figure 1: Coal sample from South Gobi coal mine

For further enquiries, please contact:  
Dougal Ferguson  
Managing Director  
+61 (8) 9226 2111

For further information on Elixir Petroleum, please visit the Company’s website at www.elixirpetroleum.com