Coal Seam Gas Exploration On The Border Of China

September 2019
Important Notice & Disclaimer

This document has been prepared by Elixir Energy Limited (ABN 51 108 230 995) (“Elixir”) in connection with providing an overview of its business to interested analysts/investors.

This presentation is being provided for the sole purpose of providing preliminary background financial and other information to enable recipients to review the business activities of Elixir. This presentation is thus by its nature limited in scope and is not intended to provide all available information regarding Elixir. This presentation is not intended as an offer, invitation, solicitation, or recommendation with respect to the purchase or sale of any securities. This presentation should not be relied upon as a representation of any matter that a potential investor should consider in evaluating Elixir.

Elixir and its affiliates, subsidiaries, directors, agents, officers, advisers or employees do not make any representation or warranty, express or implied, as to or endorsement of, the accuracy or completeness of any information, statements, representations or forecasts contained in this presentation, and they do not accept any liability or responsibility for any statement made in, or omitted from, this presentation. No responsibility or liability is accepted and any and all responsibility and liability is expressly disclaimed by Elixir and its affiliates, subsidiaries, directors, agents, officers, advisers and employees for any errors, misstatements, misrepresentations in or omissions from this presentation. Elixir accepts no obligation to correct or update anything in this presentation.

Any statements, estimates, forecasts or projections with respect to the future performance of Elixir and/or its subsidiaries contained in this presentation are based on subjective assumptions made by Elixir's management and about circumstances and events that have not yet taken place. Such statements, estimates, forecasts and projections involve significant elements of subjective judgement and analysis which, whilst reasonably formulated, cannot be guaranteed to occur. Accordingly, no representations are made by Elixir or its affiliates, subsidiaries, directors, agents, officers, advisers or employees as to the accuracy of such information; such statements, estimates, forecasts and projections should not be relied upon as indicative of future value or as a guarantee of value or future results; and there can be no assurance that the projected results will be achieved.

Prospective investors should make their own independent evaluation of an investment in Elixir.

Nothing in this presentation should be construed as financial product advice, whether personal or general, for the purposes of section 766B of the Corporations Act 2001 (Cth). This presentation consists purely of factual information and does not involve or imply a recommendation or a statement of opinion in respect of whether to buy, sell or hold a financial product. This presentation does not take into account the objectives, financial situation or needs of any person, and independent personal advice should be obtained.

Information contained in this report with respect to the potential of the Mongolia PSC area was compiled by Elixir based on independent reports and was reviewed by Mr Greg Channon, technical adviser to Elixir who has had more than 30 years' experience in the practice of petroleum geology. At this time, Elixir and Mr Channon make no representations or forecasts with respect to the potential prospective resources that may be associated with the Mongolian PSC area.

This presentation and its contents may not be reproduced without the express written permission of Elixir. All references to dollars, cents or $ in this presentation are to Australian currency, unless otherwise stated.
Company Overview

Exploring for Coal Seam Gas (CSG*) in the South of Mongolia

- Focused on the 100% owned Nomgon IX Coal Bed Methane (CBM*) Production Sharing Contract (PSC) project in the South Gobi region of Mongolia
- The 7 million acre (30,000 km$^2$) PSC covers a major Permian coal bearing basin on the border of Mongolia and China
- CSG risked prospective resource of 7.6 Tcf (best case – see Appendix 1)
- Active exploration program underway
- Multiple market options, including the rapidly growing Chinese gas market
- Highly experienced CSG team

---

* - CSG is generally referred to as CBM outside Australia

---

**CAPITAL STRUCTURE**

<table>
<thead>
<tr>
<th></th>
<th>Current (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares (ASX:EXR)</td>
<td>487.2</td>
</tr>
<tr>
<td>Unlisted Options (ex 3.29 cents)</td>
<td>7.0</td>
</tr>
<tr>
<td>Listed Options (ex 6.79c by 31.12.20)</td>
<td>110.7</td>
</tr>
<tr>
<td>Performance Shares (Milestones)</td>
<td>32.5</td>
</tr>
<tr>
<td>Market Capitalisation (at 5.5c)</td>
<td>$26.8</td>
</tr>
<tr>
<td>Cash at Bank (per 30/6/19 5B)</td>
<td>$4.4M</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>$22.4</td>
</tr>
</tbody>
</table>
Board of Directors

Highly experienced CSG team

Richard Cottee
Non-Executive Chairman
- Former Managing Director of CSG focused Queensland Gas Corporation (QGC), taking it from market cap of $20M to $5.7M
- Other former CEO positions include CS Energy, NRG Europe & Central Petroleum

Neil Young
Managing Director
- Former Business Development Manager at Santos, where he helped build Santos’ CSG business
- Has worked in Mongolia since 2011

Stephen Kelemen
Non-Executive Director
- Extensive technical and commercial career at Santos, including managing its CSG business
- Current Non Executive Director at CSG focused Galilee Energy (GLL)

Bayanjargal Byambasaikhan
Strategic Adviser
- Chairman of Business Council of Mongolia (BCM)
- Former CEO of Mongolia’s sovereign investment company, Erdenes Mongol (EMGL)
Nomgon IX CBM PSC

PSC gives long term and robust tenure over massive licence area

- CBM PSC signed in September 2018 with a 10 year+ exploration term
- 100% ownership and no back-in rights
- Strong relationship with Mongolian Government built over nearly a decade
- The Mongolian PSC has fiscal and other terms designed for unconventional petroleum
- The South Gobi Basin hosts Permian coals (see Appendix 2 for comparison with Australia’s Bowen Basin)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration term</td>
<td>10 – 15 years</td>
</tr>
<tr>
<td>Production term</td>
<td>30 years +</td>
</tr>
<tr>
<td>Royalty</td>
<td>5 – 10 %</td>
</tr>
<tr>
<td>Govt share of profits</td>
<td>Up to 40%. No income tax</td>
</tr>
<tr>
<td>Back-in rights</td>
<td>None</td>
</tr>
</tbody>
</table>
Export Scale Acreage Package

Extensive licence area supports highly favourable risk/reward profile

For personal use only
Regulatory Approvals Completed

Significant work completed, exploration underway

- PSC executed
- Exploration Plan approved
- Baseline EIA approved
- Archaeological Study completed
- Paleontological Study completed
- Exploration licence awarded
- Detailed EIA & EMP approved
2019 Exploration Program in Nomgon IX to deliver:

1. Presence and thickness of coal
2. Gas content
3. Gas composition
4. Permeability
5. On the path to contingent resources (Appendix 3)
Seismic Acquisition Underway

Targeted 2D seismic acquisition

- Commenced seismic acquisition in August 2019
- Mongolian contractor Micro Seismic LLC has substantial experience in the region
- Acquiring 100 - 130 km of 2D seismic over key CBM leads
- Acquisition ~30 days, processing 20 days, full interpretation 20 days
- Early indications of coal seams at the right depths
- Fast track field processing weekly
- Fast track data used to site core holes
Drilling Imminent

Two core holes scheduled, option for a third

- First well (Ugtaal-1) due to spud around the end of September/start of October
- Mongolian contractor Erdenedrilling LLC currently sourcing long lead items
- Program of 2+1 core-holes with:
  - Full HQ coring, desorption, wireline logging & IFOT (injection fall off test)
- Timeline of 15-20 days per well including ~300-400m of coring
- Desorption testing to USA/Australian standards
- Wells to be plugged & abandoned
Next Door to China’s Gas Market

China has a rapidly growing appetite for gas

- The Chinese Government plans to increase gas demand by 300% over the next 15 years
- China imports gas from every direction and seeks to continually diversify its sources of supply
- The Nomgon IX CBM PSC is located on the border
- Mongolian CSG expected to be highly cost competitive compared to alternative sources of gas for China
- Gas can effectively be exported by pipeline or electricity transmission

Source: IHS Markit, SIA Energy, EIA, CIA World Factbook, BP Energy Outlook
Multiple Market Opportunities

Export pipeline only one option for Nomgon PSC Gas

Other market channels include:

• Existing large-scale electricity transmission running through the PSC has large spare capacity
• The massive Rio Tinto operated Oyu Tolgoi mine (inside the PSC) needs new large scale - and local - power generation
• Mongolia has a growing economy with a desire to reduce pollution - Ulaanbaatar suffers from the world’s worst airborne pollution
• The Asian Super Grid project plans large scale new transmission lines through the Gobi region where the Nomgon PSC sits
• Gas complements high-quality renewable resources in the Gobi
Elixir has a highly favourable risk-reward profile

- First CBM PSC in Mongolia, signed in 2018 with 10 year+ exploration term
- High Quality Board & Management with history of success in CSG
- Massive PSC with large prospective resources (Appendix 1)
- Capital efficient exploration process for CSG
- Strong relationships across Mongolia
- Fully funded initial exploration program underway
- Aiming to establish contingent resource by early 2020
- 100% ownership position maximizes optionality
- Multiple market channels, including fast growing Chinese gas market
- Gas symbiotic with high quality renewable resources demanded in Asia
Contact Us

INVESTORS & MEDIA

Neil Young
Managing Director
neil.young@elixirenergy.net.au
Phone +61 8 6001 6938
www.elixirenergy.net.au
Appendix 1:
Independent Prospective Resource Report

• First independent prospective resource report completed by ERC Equipoise Pte Ltd (ERCE) using 2018 SPE PRMS standards\(^1\)
• Giant resource identified with Geological Risk likely to be significantly reduced following 2019 exploration programme (2D seismic and core hole drilling)
• ERCE report independently validates world class potential of the Nomgon IX CBM PSC and the “size of the prize”

<table>
<thead>
<tr>
<th>Nomgon IX CBM PSC: Mongolia (EXR:100%)</th>
<th>Unit</th>
<th>Low (1U)</th>
<th>Best (2U)</th>
<th>High (3U)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrisked Recoverable Prospective Resources</td>
<td>TCF</td>
<td>13.6</td>
<td>40.1</td>
<td>117.2</td>
</tr>
<tr>
<td>Geological Chance of Discovery</td>
<td></td>
<td></td>
<td></td>
<td>19%</td>
</tr>
<tr>
<td>Risked Recoverable Prospective Resources*</td>
<td>TCF</td>
<td>2.6</td>
<td>7.6</td>
<td>22.2</td>
</tr>
</tbody>
</table>

* Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to the undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.

\(^1\)Refer to ASX announcement dated 19 November 2018. The Company is not aware of any new information that materially affects the information in that announcement.
Appendix 2:  
The Bowen and South Gobi Basins Compared

<table>
<thead>
<tr>
<th>PROPERTIES</th>
<th>BOWEN BASIN (QUEENSLAND)</th>
<th>SOUTH GOBI (MONGOLIA)</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seam thickness</td>
<td>Maximum single seam</td>
<td>&gt;55m found in multiple</td>
<td>World class seam thickness and hence very high</td>
</tr>
<tr>
<td></td>
<td>thickness 30m</td>
<td>locations</td>
<td>GIP per acre</td>
</tr>
<tr>
<td>Gas content</td>
<td>7-14 m³/tonne in most</td>
<td>Up to 15m³/tonne at</td>
<td>High gas content</td>
</tr>
<tr>
<td></td>
<td>productive areas</td>
<td>Tavan Tolgoi</td>
<td></td>
</tr>
<tr>
<td>Permeability</td>
<td>Varies from 2-600MD</td>
<td>Unknown, but coal</td>
<td>Requires corehole testing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>samples show good</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>cleat formation with</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>no calcite</td>
<td></td>
</tr>
<tr>
<td>Presence of coal</td>
<td>Considered optimally</td>
<td>Vast acreage position</td>
<td>Compares favourably to world class CBM basins</td>
</tr>
<tr>
<td>at depth</td>
<td>productive down to</td>
<td>and evidence of</td>
<td></td>
</tr>
<tr>
<td></td>
<td>900-1,000m, with potential</td>
<td>substantial area with</td>
<td></td>
</tr>
<tr>
<td></td>
<td>deeper</td>
<td>thick coal seams &lt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,000m</td>
<td></td>
</tr>
<tr>
<td>Coal quality –</td>
<td>Varies significantly but</td>
<td>~24% ash content</td>
<td>Within ideal range</td>
</tr>
<tr>
<td>ash content</td>
<td>is ~30% in the most</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>productive fields</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal quality –</td>
<td>Sub-bituminous to</td>
<td>Sub-bituminous to</td>
<td>Analysis shows VR consistent with coals that</td>
</tr>
<tr>
<td>rank</td>
<td>bituminous</td>
<td>bituminous</td>
<td>have undergone gasification</td>
</tr>
</tbody>
</table>
## Appendix 3: Road to Contingent Resource Booking

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>OUTCOME</th>
<th>RESOURCE CATEGORISATION UPON SUCCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geological Modelling</td>
<td>40 TCF unrisked) Recoverable (Best Case)*</td>
<td>Prospective Resource (Lead)(^1)</td>
</tr>
<tr>
<td></td>
<td>COS: 19% *</td>
<td></td>
</tr>
<tr>
<td>Additional Data from Mineral Exploration Programs</td>
<td>More evidence of coal - COS could increase</td>
<td>Upgrades Prospective Resource (^2)</td>
</tr>
<tr>
<td>2D Seismic Acquisition</td>
<td>Map coal over a larger area</td>
<td>Upgrades Prospective Resource (^2)</td>
</tr>
<tr>
<td>Core Drilling and Core Recovery</td>
<td>Total Gross Coal thickness</td>
<td></td>
</tr>
<tr>
<td>Laboratory Core Desorption</td>
<td>Gas Content and Gas Composition &amp; Adsorption Isotherm (gas saturation)</td>
<td></td>
</tr>
<tr>
<td>Core Proximate Analysis</td>
<td>Dry Ash &amp; Moisture Content</td>
<td></td>
</tr>
<tr>
<td>Wireline Logging</td>
<td>Total net coal thickness and distribution</td>
<td></td>
</tr>
<tr>
<td>Drill Stem Testing and Injectivity</td>
<td>Flowability and permeability measurements</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Success case delivers a DISCOVERED PETROLEUM ACCUMULATION which could be a Contingent Resource(^2) – this will be independently verified around year end</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Refer Appendix 1  
\(^1\) Independently Verified by ERCE  
\(^2\) Internal estimate