

19 November 2018

NOMGON IX PROSPECTIVE CBM RESOURCE

- **ERCE completes first ever independent CBM prospective resource report for the Nomgon IX PSC in Mongolia**
- **Best estimate unrisked recoverable CBM gas prospective resource of 40.1 trillion cubic feet (TCF)**
- **Risked best estimate recoverable CBM gas prospective resource of 7.6 TCF**
- **ERCE report independently validates world class potential of the Nomgon IX CBM PSC and the “size of the prize”**
- **Approximately 20% of the PSC area considered prospective for the purposes of determining original gas in place in the best estimate case**

Elixir Petroleum Limited (ASX:EXR) is pleased to announce the findings of an Independent Prospective Resources Report recently completed by ERC Equipoise Pte Ltd (ERCE) which estimates a potentially giant gas resource within the 100% owned Nomgon IX Coal Bed Methane (CBM) Production Sharing Contract (PSC) located in the South Gobi Desert in Mongolia, proximate to the northern China gas markets. A summary of the report’s risked and unrisked prospective resource numbers are tabled below. The ERCE report has been prepared on behalf of Golden Horde (GOH) which Elixir intends to acquire following receipt of shareholder approval on 28 November 2018.

Nomgon IX CBM PSC: Mongolia		Low	Best	High	
Probabilistic Calculations		Unit	(1U)	(2U)	(3U)
Unrisked Recoverable Prospective Resources	TCF	13.6	40.1	117.2	
Chance of Geological Discovery			0.19		
Risked Recoverable Prospective Resources*	TCF	2.6	7.6	22.2	

**Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to 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.*

Prospective resource assessments in this release were estimated using probabilistic methods in accordance with 2018 SPE-PRMS standards. The data used to compile the independent prospective resource report includes gravity and magnetic data, detailed field mapping information and

interpretation of relevant core hole logging from within the PSC. The data was compiled and interpreted by Elixir and was reinterpreted and validated independently by ERCE.

ERCE's methodology for determining Prospective Resources within the Nomgon IX CBM PSC

ERCE have determined prospective areas for CBM production by combining elements from surface geology and gravity maps. The areas where Permian and older sediments outcrop were excluded from the prospective areas. High definition and low definition gravity maps were provided by Elixir. The prospective areas were defined where there are gravity lows and where there are no outcrops of Permian and older sediments.

Other input parameters used to calculate the Gas Initially In Place (GIIP) number include net coal thickness, coal density, gas content, ash and moisture content. These input ranges were primarily sourced from core holes within the Tavan Tolgoi area.

ERCE applied a recovery factor range based on recovery factors estimated from United States CBM formations. The United States has multiple producing CBM regions, so a suitably wide range for recovery factor can be derived to apply to an undeveloped CBM resource. The range also captures typical recovery factors seen in Australian CBM developments.

The chance of development was not applied to the risked recoverable prospective resources but is estimated by ERCE to be 50%. Please refer to the disclaimers attached as Schedule 1 of this ASX release for more information on the prospective resource report.

About the Nomgon IX CBM PSC

The Nomgon IX CBM PSC has a ten-year exploration period and covers an area of around 30,000 square kilometres (over 7 million acres) and lies proximate to the Chinese border. It is ideally placed for future gas sales into the extensive Northern China gas transmission and distribution network. Located within the PSC (but excluded from the PSC itself) is one of the world's largest producing coal deposits, Tavan Tolgoi.

In addition to Chinese gas demand, Mongolia currently has no gas production and there is a strong political desire to replace high emission coal power and heat generation with low emission clean-burning gas fired generation. With the potential to find and develop multiple TCFs of gas from CBM in the PSC area it is feasible that both the Mongolian and Chinese markets can be supplied with Mongolian CBM.

Following completion of the environmental impact assessment (EIA), the exploration programme will commence with 2D seismic acquisition, currently scheduled for May 2019. The objective of the seismic programme is to identify locations for the initial CBM drilling campaign later in 2019.

About ERCE

ERCE is one of the largest petroleum Reserves and Resource auditors globally. Examples of current public clients include Premier Oil, Tullow Oil, Cairn Energy, Ophir Energy, Lundin Petroleum, IPC and IOG. The firm was formed in 2010, when ERC Energy Resource Consultants Ltd (ERC) and Equipoise Solutions Ltd (Equipoise) merged. ERCE employs geoscientists, engineers, petrophysicists and economists, and has an extensive group of senior associates who bring further regional, technical and petroleum economics expertise to projects. ERCE has offices in UK, Singapore and Perth, Australia.

ASX ANNOUNCEMENT



Elixir's Managing Director, Mr. Dougal Ferguson commented:

"This is a fabulous result and the culmination of a lot of work uncovering data from various sources and collating that information into a meaningful piece of work. The Company is quickly building its technical database and hence its understanding of this extremely large CBM PSC. What has now been independently verified is the huge potential of the area and there is now a clear pathway forward, starting with the 2D seismic acquisition scheduled for May 2019."

GOH's Managing Director, Mr. Neil Young commented:

"I am very pleased that the CBM potential GOH identified in Mongolia over seven years ago has now finally been independently validated with this fantastic resource estimate. I am looking forward to joining Elixir in the near future and taking this project forward to the next stage."

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

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SCHEDULE 1

Disclaimers:

Cautionary Statement for Prospective Resource Estimates - With respect to the Prospective Resource estimates contained within this report, it should be noted that the estimated quantities of gas that may potentially be recovered by the future application of a development project relate to undiscovered accumulations. These estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Hydrocarbon Resource Estimates – The Prospective Resource estimates for the Nomgon IX CBM PSC presented in this report are prepared as at 17 November 2018. The Prospective Resource estimates are quoted both unrisks and risks for geological and technical success. They have not been adjusted for the chance of development, which is estimated by ERCE to be 50%.

Production Sharing Contract (PSC) Terms and Sharing of Resources – The Nomgon IX area is governed by a PSC that includes allowances for government royalties, cost recovery allocations and profit-sharing calculations. The net resources applicable directly to the PSC contractor (in this case GOH) will vary dependent on numerous factors including costs of exploration and development, gas prices and ultimately, the size of the resource developed. The terms of the PSC are confidential between the contractor and the Mongolian government, but the net resources to the contractor will be less than the amounts quoted in the table above. At this early stage of exploration, it is not possible to make an accurate estimate of what the split between the contractor (GOH) and the government will be.

Competent Person Statement Information – In this report information relating to hydrocarbon resource estimates have been supplied by ERCE, and the company has stated in the Report that it has been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2018, approved by the Society of Petroleum Engineers and have been prepared using probabilistic methods. ERC Equipose Pte Ltd, the independent resource reviewer named in this document, has consented to the inclusion of information relevant to their review in the form and context in which it appears. The report has been prepared under the supervision of Mr Greg Channon who is the chief geological advisor to Elixir. Mr Channon is a qualified geoscientist with over 30 years of oil and gas industry experience. Mr Raymond Barnes, who is the Chairman of Elixir, has peer reviewed the Prospective Resource estimation process. Mr Barnes is a qualified geoscientist with over 40 years of oil and gas industry experience. Mr Barnes and Mr Channon consent to the inclusion of the information in this report relating to hydrocarbon Prospective Resources in the form and context in which it appears.

Forward looking statements – This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Elixir or GOH's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Elixir and GOH believes the expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.