

30 April 2019

**QUARTERLY ACTIVITIES REPORT FOR THE  
PERIOD ENDED 31 MARCH 2019**

**HIGHLIGHTS**

- *Richard Cottee appointed as non-executive Chairman (post the end of the quarter)*
- *Exploration efforts underway in Mongolia with drilling due in the second half of 2019*
- *Alaskan assets disposed of in exchange for 185 million shares in ASX listed Entek Energy Ltd (ASX:ETE), allowing Elixir to focus solely on Mongolia*
- *Entek shares distributed to Elixir shareholders (post the end of the quarter)*

**MONGOLIAN GAS EXPLORATION – 100% INTEREST IN CBM PSC**

Elixir has a 100% interest in the Nomgon IX coal bed methane (CBM) production sharing contract (PSC), located proximate to the Chinese border in Mongolia's South Gobi region. The PSC was entered into with the Mongolian Government in September 2018 and has a 10 year exploration period (which can be extended) and a thirty year production period (which can also be extended).

During the quarter the Company initiated a tender process for a 2D seismic program. Strong interest was shown, with eight local and international contractors participating.

Post the end of the quarter, Elixir selected a preferred seismic tenderer and once a contract has been agreed, will make an announcement to that effect. This is expected shortly.

The process of selecting drilling contractors has also commenced, with pre-tendering engagements entered into with various interested parties during the quarter. A formal tender process was initiated post the end of the quarter with a view to selecting a preferred contractor before middle of the year. Mongolian capabilities in minerals rig drilling is wide and deep and is expected to provide the company with strong responses to the tender.

Preparation of a baseline environmental impact assessment (EIA), including paleontology and archeology field work, was finalized in the quarter and approved by the Mongolian Ministry of Environment & Tourism.

The next required step of undertaking a detailed EIA is well advanced, with approval thereof targeted for the current quarter.

The Ministry of Mining & Heavy Industry is due to issue the Company with an "exploration licence" under the terms of the Company's PSC. This is expected shortly.

The Company is continuing to collate multiple sources of new data in order to maximize the technical and commercial efficiency of its exploration program.

The Company plans to drill its first CBM wells in the second half of 2019. These wells will be designed to provide information on coal thickness, gas content and permeability. The testing capabilities to assist the company in achieving this aim are available in the country with only some small additional resources requiring importation.

The results from the drilling program will serve to significantly de-risk technical risks and advance the process of converting resources into reserves. The results will also serve as a platform upon which to build a 2020 pilot drilling program which is planned include de-watering and production testing.

## **DISPOSAL OF ALASKAN ASSETS**

On 15 April 2019 Elixir closed the disposal of a 100% Working Interest in 149,590 acres of leases in Alaska. The consideration for the disposal of the leases was the issue of 185M ETE shares and a cash payment of US\$846,730 (approximately A\$1.2M).

Post the end of the quarter, the 185M ETE shares were distributed to Elixir shareholders on a pro-rata basis, with ~0.475 ETE shares being issued for each Elixir share held. This distribution was made as a capital return to shareholders.

Elixir now holds no interests in Alaska.

## **OTHER ASSETS**

The Company retains interests in two other exploration assets, being a 100% Working Interest in the Moselle Permit in France and a 25% Working Interest in approximately 1,875 net acres in the Petra Project in Colorado, USA.

There was no significant activity on either the Petra Project or the Moselle Permit during the quarter. Elixir formally sought a 3 year extension to the Moselle Permit, which on the face of things expired on 20 January 2019 on 5 April 2018, but has yet to receive a response thereto.

## **CORPORATE AND FINANCIAL**

### ***Changes in Issued Capital***

During the quarter the Company made an offer to issue options to its existing shareholders on a one (1) for four (4) basis. The options each cost 1c, are exercisable at 7.5c and expire on 31 December 2020 and are listed and trading under the code ASX:EXROA. Post the placing of a shortfall, the offer was taken up in full, raising \$934,625 (before costs). The strike price of the offer will be reduced following the capital return noted above and will be ~6.8c.

Elixir's cash reserves as at 31 March 2019 were around \$549,000. As noted above, post the settlement of the disposal of the Alaskan assets, the company received US\$846,730 from Entek after the end of the quarter. The Company has no debt post the recent settlement of the Entek transaction.

### ***Board***

Mr Richard Cottee joined the Board on 29 April 2019 as its non-executive Chairman. Mr Cottee is very well known in the energy sector for inter alia, presiding over the growth of CBM focused Queensland Gas Company from a \$20M market capitalisation through to its takeover by BG Group of \$5.7B. The terms of Mr Cottee's appointment are set out in the Company's ASX announcement of 29 April 2019.

Experienced Mongolian businessman Mr B. Byambsaikhan was appointed as a strategic and financial adviser to the Company during the quarter.

Mr Ray Barnes retired as the Company's Chairman and ceased to be a Director on the 26<sup>th</sup> of April 2019, after more than 4 years of service in the position.

Mr Dougal Ferguson ceased to be the Company's Managing Director after the end of the quarter on 15 April 2019. He remains a non-executive Director and Company Secretary of Elixir.

**Marketing**

During the quarter Mr Young presented at the annual Australian Minerals & Energy Investor Conference held in Brisbane. He was also invited to make a presentation titled "Taking Lessons from Queensland CSG to Mongolia" at a monthly lunch hosted by QUPEX (the Queensland Petroleum & Exploration Association). The company's current status and plans were also introduced to a number of investment houses in Hong Kong.

**Annual and other General Meetings**

The Company held a General Meeting (GM) on 29 March 2019. The meeting considered a number of resolutions required for the disposal of the Alaskan assets.

Additionally, shareholder approval was sought to change the Company's name to "Elixir Energy Limited". All resolutions were approved.

The company will shortly formally effect the change of its name and make an announcement to that end.

**SUMMARY OF PETROLEUM TENEMENTS HELD AS AT 31 MARCH 2019**

	<b>% Interest</b>	<b>Tenement</b>	<b>Location</b>
<b>Held at end of quarter</b>	100%	Nomgon IX CBM PSC	Southern Mongolia
	100%	Moselle Permit	North-eastern France
	25%	Petra Project	Colorado, USA
<b>Acquired during quarter</b>	-	-	-
<b>Disposed during quarter</b>	100%	Alaskan leases	North slope of Alaska

*For further information, please visit the Company's website at [www.elixirpetroleum.com](http://www.elixirpetroleum.com). The company will shortly launch a new website – [www.elixirenergy.net.au](http://www.elixirenergy.net.au).*

*You can also follow Elixir Petroleum on twitter.*