

# Exploring for Gas in the Heart of Asia

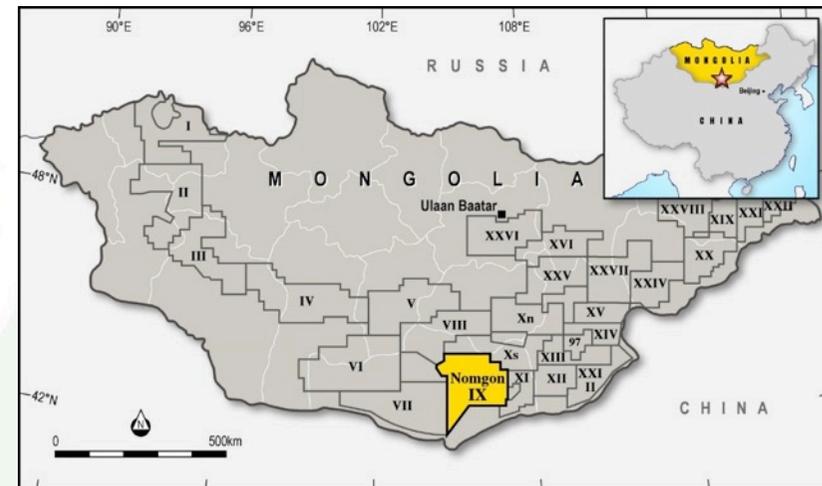


*Investor Presentation – June 2019*

# Company Overview



- ASX listed gas explorer focused on the **100% owned** Nomgon IX CBM PSC located in the South of Mongolia
- Located **proximate** to the rapidly growing and high priced **Chinese gas market**
- The **7M acre** PSC lies over a major **Permian coal** bearing region
- Certified CBM risked prospective resource of **7.6 Tcf** (best case)
- Active **exploration program** in 2019
- Highly experienced **CBM team**



***Focused on giant gas prospective resource proximate to China***

# Corporate Snapshot



BOARD MEMBER	EXPERIENCE
Richard Cottee <i>Non-Executive Chairman</i>	<ul style="list-style-type: none"> <li>Ex-MD of QGC, taking it from \$20M market cap to \$5.7B</li> <li>Other CEO positions include CS Energy, NRG Europe &amp; Central Petroleum</li> </ul>
Neil Young <i>Managing Director</i>	<ul style="list-style-type: none"> <li>As Santos Manager Business Development, undertook numerous transactions to build up its CSG business</li> <li>Has worked in Mongolia since 2011 to acquire Nomgon PSC</li> </ul>
Stephen Kelemen <i>Non-Executive Director</i>	<ul style="list-style-type: none"> <li>Extensive technical and commercial career at Santos, including managing its CSG business</li> <li>Current NED at Galilee Energy</li> </ul>
Dougal Ferguson <i>Non-Executive Director &amp; Company Secretary</i>	<ul style="list-style-type: none"> <li>Senior commercial roles over many years in a number of oil &amp; gas companies such as Arc, Salinas, Hess, Premier, etc</li> <li>Prior MD of Elixir</li> </ul>

CAPITAL STRUCTURE	Current (million)
Ordinary Shares (ASX:EXR)	487.2
Unlisted Options (ex 3.29 cents)	8.0
Listed Options (ex 6.79c by 31.12.20)	110.7
Performance Shares (Milestones)	32.5
Market Capitalisation (at 4c)	\$19.5
Cash at Bank (per ASX of 15 May 2019)	\$4.8
Enterprise Value	\$14.7

SHAREHOLDERS	Percentage
Board	7.5%
Substantial shareholders	None (MD = 4%)
Top 20	30.9%

PERFORMANCE SHARES	Shares
Drill 2 CBM wells	15
FID approval on Pilot Plant	17.5
Total	32.5

***Highly experienced CBM team***

# Nomgon IX CBM PSC

- CBM PSC signed in September 2018 with a **10 year+** exploration term
- 100% ownership and **no back-in rights**
- The Mongolian PSC has **fiscal and other terms** designed for unconventional petroleum
- South Gobi hosts **Permian coals**

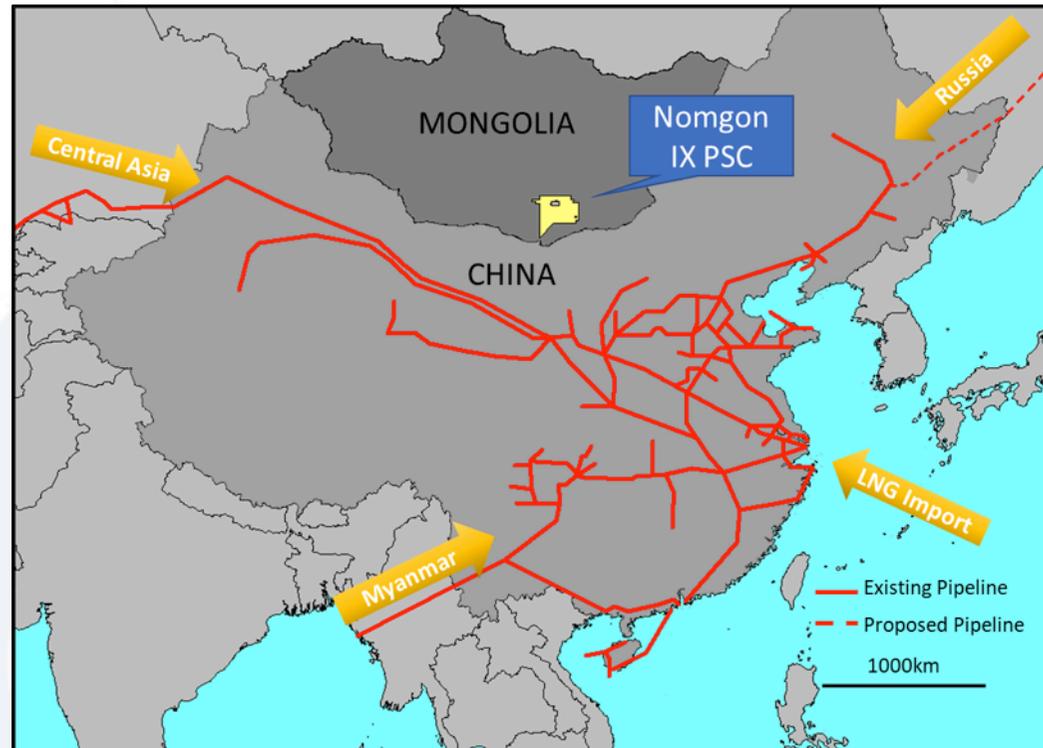


<i>Exploration term</i>	10 – 15 years
<i>Production term</i>	30 years +
<i>Royalty</i>	5 – 10 %
<i>Govt share of profits</i>	Up to 40%. No income tax
<i>Back-in rights</i>	None

***PSC gives long term and robust tenure over licence area***

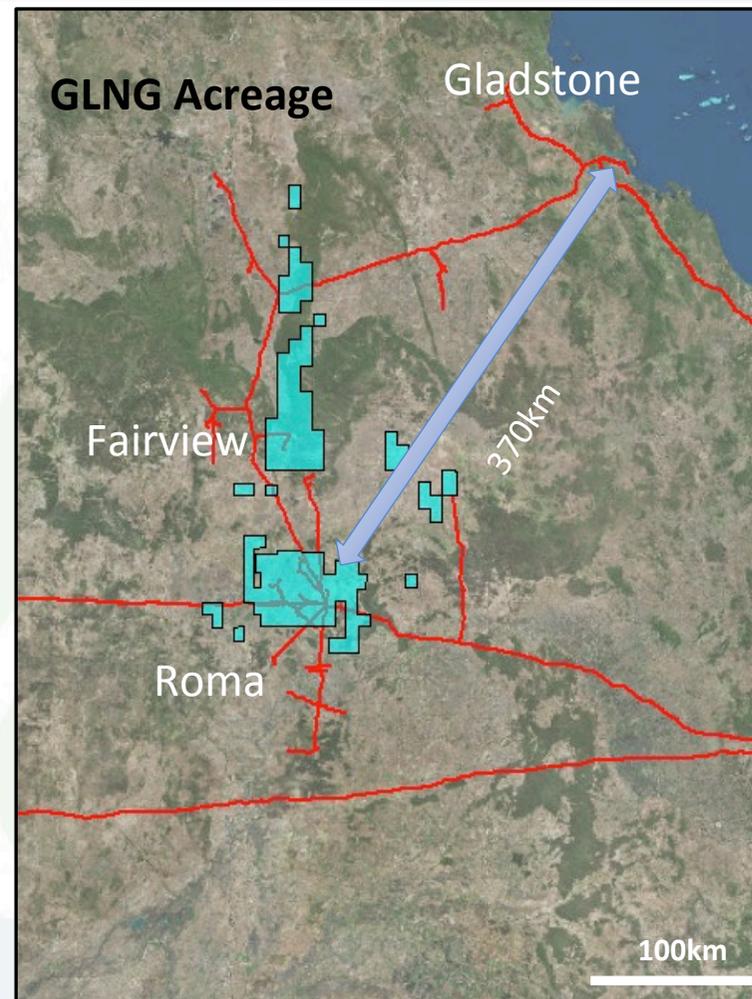
# Next Door to China's Gas Market

- The Nomgon IX CBM PSC is located immediately **proximate to the Chinese border**
- China imports gas from every direction and seeks to continually **diversify its sources of supply**
- Mongolian CBM expected to be highly **cost competitive** compared to alternative sources of gas for China
- The Chinese Government plans to increase gas demand by **300%** in 15 years
- Mongolia has a growing economy with a desire to **reduce pollution**



***Mongolian CBM expected to be highly cost competitive***

# Acreage Comparison with Santos GLNG



***Export scale acreage package***

# Multiple Channels to Market

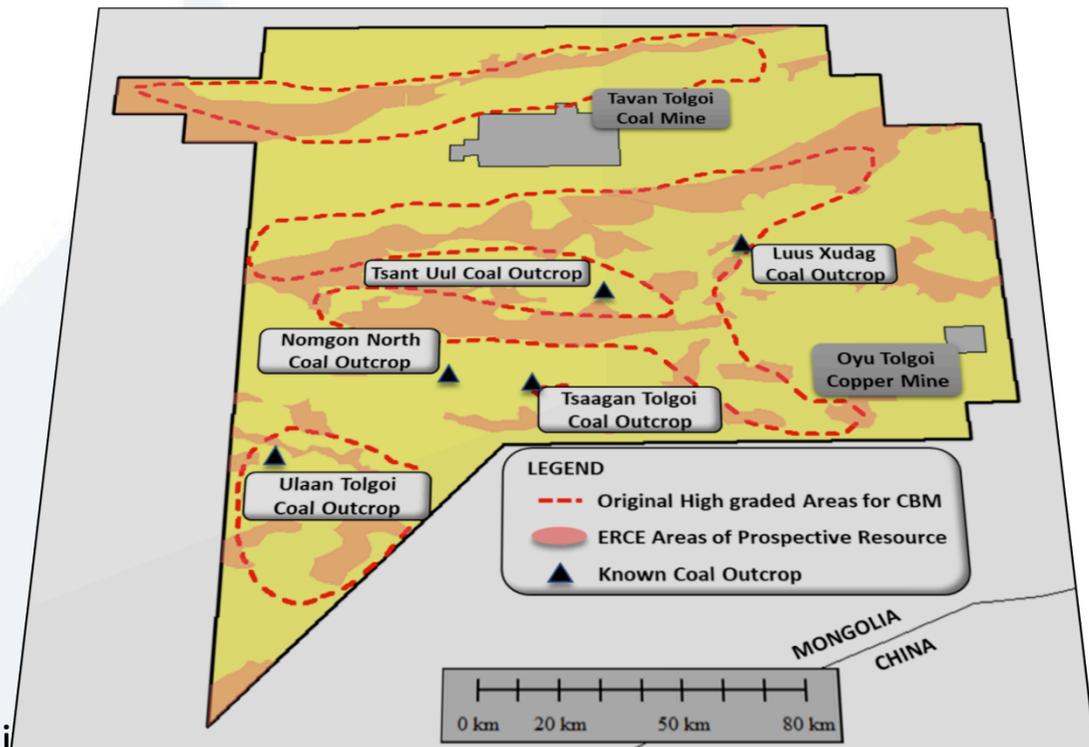
- Sales by **export pipeline** are only one market option for gas from the Nomgon PSC
- The massive **Oyu Tolgoi mine** (inside the PSC) needs new power generation
- Existing large scale **electricity transmission** running through the PSC has large spare capacity
- The **Asian Super Grid** project plans massive new transmission lines through the Gobi
- Gas complements the high quality **renewable resources** in the Gobi
- Mongolia generally has a growing economy with a desire to **reduce pollution**



*The Gobi is far less remote from markets than rural Australia* 7

# Nomgon IX - Permian Coal Bearing Region

- Data from Tavan Tolgoi indicate gas contents of up to **15m<sup>3</sup>/tonne (480 cf/ton)<sup>1</sup>**, at depths of **467 metres** below surface (high by world standards)
- Late Permian aged coals (Tavantolgoi Group) from surface to >1000m depth with individual **seam thickness** up to **55 metres)<sup>2</sup>**
- **40 TCF** (unrisked) mapped as a prospective resource by ERCE<sup>3</sup>
- **Nearby infrastructure** at Tavan Tolgoi Coal Mine and Oyu Tolgoi Copper–Gold Mine



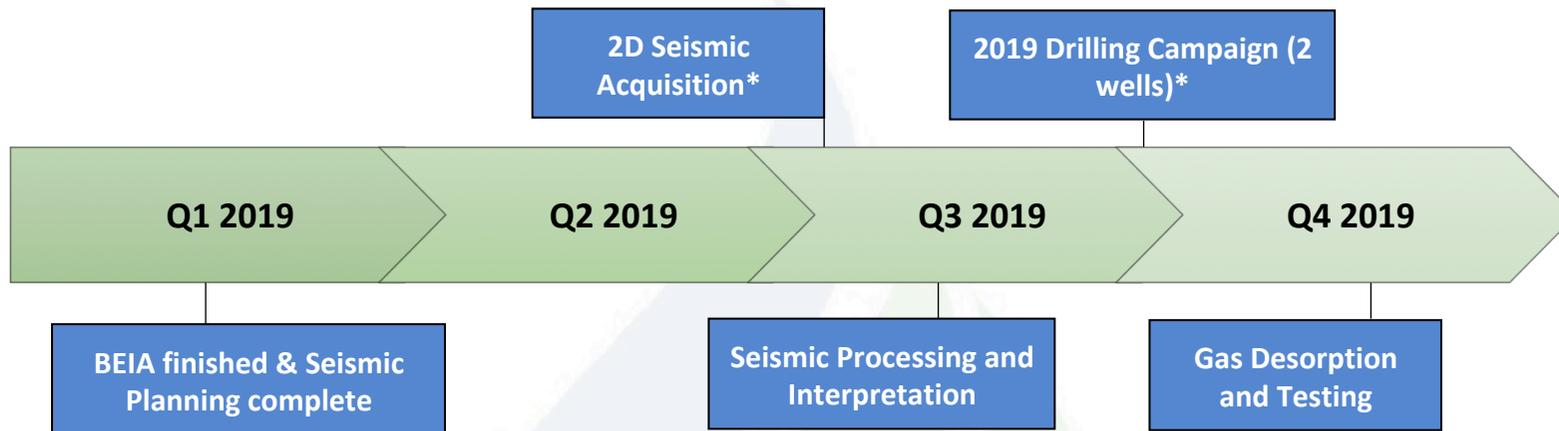
***Mapped Permian depocentres are the high-graded focus areas***

<sup>1</sup> Source: Erdenes Methane LLC

<sup>2</sup> Source: Nordic Geological Solutions

<sup>3</sup> Source: ERCE, See Appendix 1

# 2019 Exploration Program



\*Subject to suitable equipment availability and government approvals

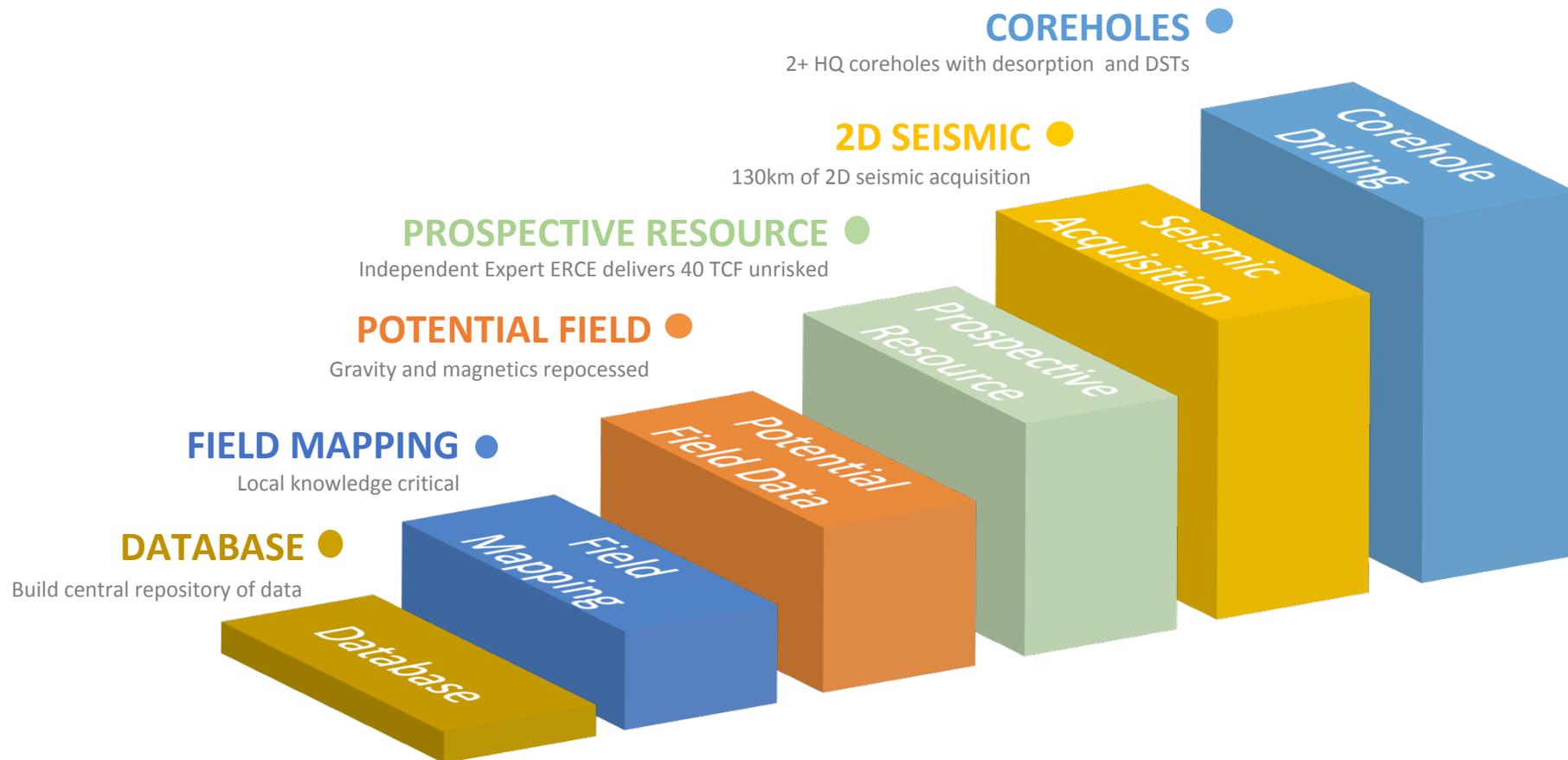
2019 **Exploration Program** in Nomgon IX to deliver:

1. Presence and thickness of coal
2. Gas content
3. Gas composition
4. Permeability
5. On the path to contingent resources



***Proof of Concept in 2019***

# Exploration Proceeding to Proof of Concept



***Rapid progress through to drilling***

# Road to Contingent Resource Booking

	Activity	Outcome	Resource Categorisation Upon Success
<b>Completed</b>	Geological Modelling	40 TCF unrisked) Recoverable (Best Case)* COS: 19% *	Prospective Resource (Lead) <sup>1</sup>
	Additional Data from Mineral Exploration Programs	More evidence of coal - COS could increase	Upgrades Prospective Resource <sup>2</sup>
	2D Seismic Acquisition	Map coal over a larger area	Upgrades Prospective Resource <sup>2</sup>
<b>Remainder of 2019</b>	Core Drilling and Core Recovery	Total Gross Coal thickness	Success case delivers a DISCOVERED PETROLEUM ACCUMULATION which could be a Contingent Resource <sup>2</sup> – this will be independently verified around year end
	Laboratory Core Desorption	Gas Content and Gas Composition & Adsorption Isotherm (gas saturation)	
	Core Proximate Analysis	Dry Ash & Moisture Content	
	Wireline Logging	Total net coal thickness and distribution	
	Drill Stem Testing and Injectivity	Flowability and permeability measurements	

\* Refer Appendix 1

<sup>1</sup> Independently Verified by ERCE

<sup>2</sup> Internal estimate

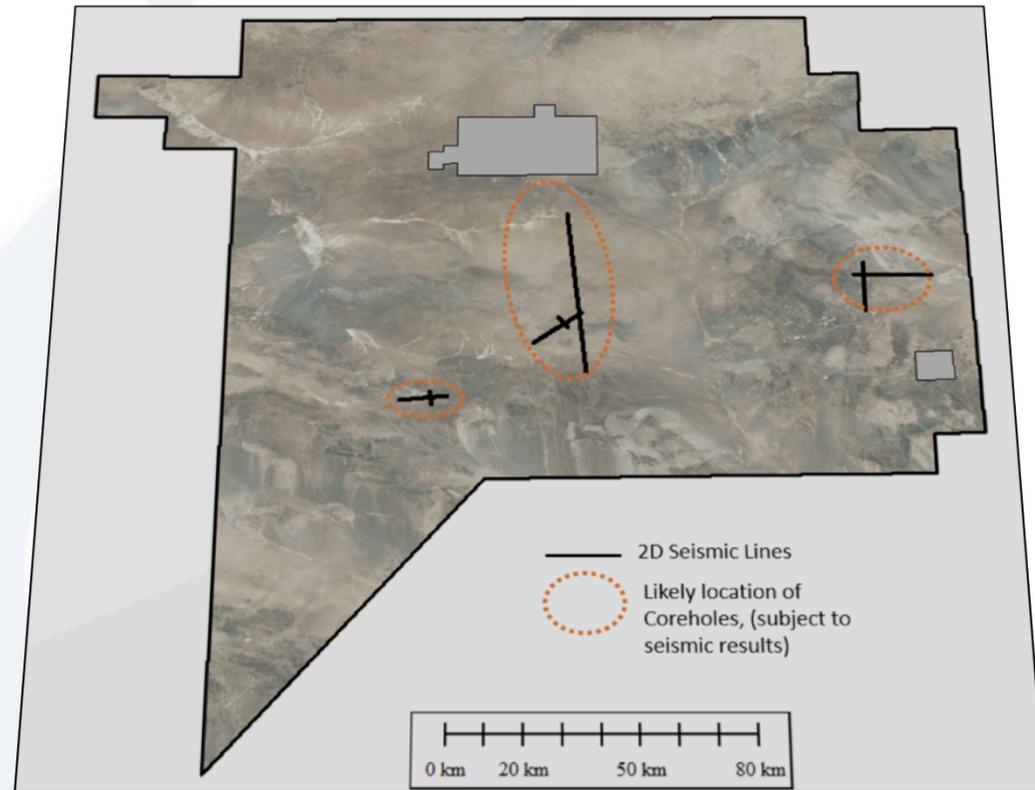
## Targeting Contingent Resources

# Upcoming Operations in Nomgon IX

- 100 - 130 km of 2D seismic over key CBM leads
- 2+1 drill-holes with:
  - Full HQ coring
  - Desorption
  - Wireline Logging
  - DST/IFOT

A successful program delivers:

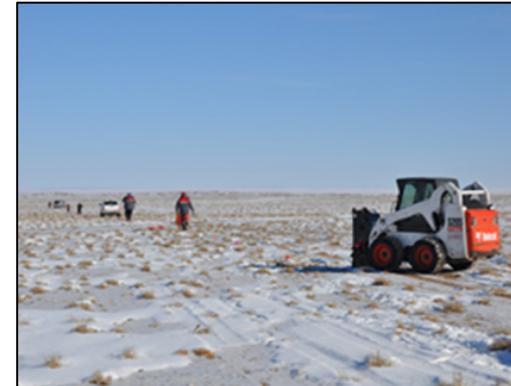
- Extensive presence of coal seams on seismic
- Gas content, saturation, etc
- Permeability and flowability



***All Elements in Place to Commence Exploration***

# What to Expect from Upcoming Operations

- **Targeted 2D Seismic Acquisition**
- **Acquisition ~30 days**, Processing 20 days, Full interpretation 20 days
- **Fast track field processing** every week
- Fast track Data used to **site coreholes**
- **Corehole Drilling**
- **~15 days per well** including ~300-400m of coring
- **Cores captured** for immediate desorption testing
- **Wireline logs acquired** to determine net coal thickness
- **Drill Stem Testing** to determine flowability and permeability (likely measuring water influx to wellbore)
- Wells to be **P&A'd**



***Constant newsflow from Q3 2019***

## Investment Highlights

- Gas explorer focused on the **high priced and growing** Chinese gas market
- Massive PSC with **very large prospective resources**
- **Multiple** channels to market
- **Fully funded** initial exploration program in 2019
- CBM exploration is **capital efficient**
- Aiming to book **contingent resources** by year end
- 100% ownership position **maximizes optionality**
- **Team** with history of **success** in CBM

***EXR Represents a Highly Favourable Risk-Reward Proposition*** 14

# Contact Us



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# Appendix 1: Independent Prospective Resource Report



- First **independent prospective resource** report completed by ERC Equipoise Pte Ltd (ERCE)\*
- 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”

Nomgon IX CBM PSC: Mongolia (EXR:100%) <i>Probabilistic Calculations</i>	Unit	Low (1U)	Best (2U)	High (3U)
Unrisked Recoverable Prospective Resources	TCF	13.6	40.1	117.2
Geological Chance of Discovery	19%			
Risky 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 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.

*\*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



Properties	Bowen Basin (Queensland)	South Gobi (Mongolia)		Comments
Seam thickness	Maximum single seam thickness 30m	>55m found in multiple locations	✓	World class seam thickness and hence very high GIP per acre
Gas content	7-14 m <sup>3</sup> /tonne in most productive areas	Up to 15m <sup>3</sup> /tonne at Tavan Tolgoi	✓	High gas content
Permeability	Varies from 2-600MD	Unknown, but coal samples show good cleat formation with no calcite	?	Requires corehole testing
Presence of coal at depth	Considered optimally productive down to 900-1,000m, with potential deeper	Vast acreage position and evidence of substantial area with thick coal seams < 1,000m	✓	Compares favourably to world class CBM basins
Coal quality – ash content	Varies significantly but is ~30% in the most productive fields	~24% ash content	✓	Within ideal range
Coal quality - rank	Sub-bituminous to bituminous	Sub-bituminous to bituminous	✓	Analysis shows VR consistent with coals that have undergone gasification

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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.

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