



Jade Commences Six Well Drilling Program

HIGHLIGHTS

- **Jade Gas has commenced drilling for the first of six wells planned at its flagship TT CBM Gas Project in the Tavantolgoi XXXIII PSA unconventional oil basin in Mongolia**
- **Drilling program designed to improve understanding of 1.0 Tcf Prospective Resource¹**
- **Initial well at Red Lake 1 spudded on 28 November 2021 with main target being three primary coal seams at depth**
- **First two wells, Red Lake 1 and Red Lake 2, to be cored, logged and tested**
- **Four remaining wells to be used in 2022 testing and pilot program**

Jade Gas Holdings (ASX:JGH) (**Jade** or the **Company**) is pleased to announce that drilling has commenced at the Company's flagship TT CBM Gas Project in the Tavantolgoi XXXIII PSA unconventional oil basin in Mongolia, (**TT CBM Project** or the **Project**).

The initial well, Red Lake 1, was spudded on 28 November, with the well expected to take 25 days to reach total depth at around 850 metres. In addition to a standard suite of wireline logs, the well will be cored through the three primary target coal seams, with between 25 to 50 coal samples to be recovered, and analysed in the on-site laboratory for gas content. Permeability testing is also planned in each of the coal seams to assist with future well spacing and development options.

The Company has engaged the services of highly respected local drilling company Ellehcor LLC, which has extensive experience in drilling in this region, along with coal bed methane experts out of Brisbane, Australia, that have been engaged to safely and efficiently undertake the advanced testing required for this program.

In 2019, Jade drilled eight exploration core holes during its prospecting work to evaluate the coal thickness, continuity and undertake a preliminary assessment of the gas content of the deeper Tavan Tolgoi coals in the area. This extensive dataset enabled the Company to design the current work program to target three key seams, taking the typical exploration program and adding an appraisal focus that, in addition to providing robust gas content, composition and saturation data, will provide permeability data in each of the high-graded seams across the area.

¹ Refer RISC 2021 independent evaluation report in Prospectus dated 14 July 2021

Directors

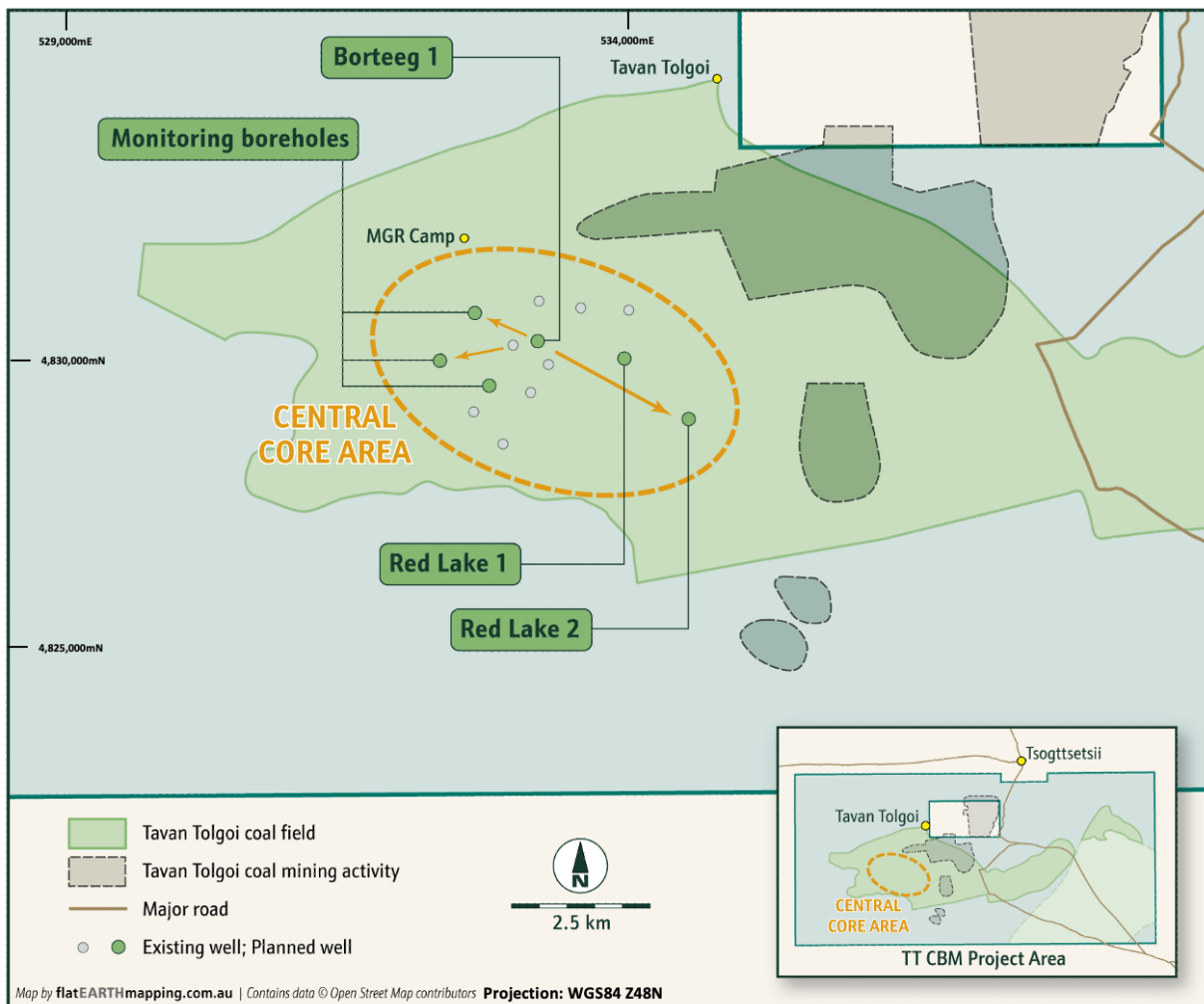


Figure 1: Overview of the Six Well Program

Initial targets Red Lake 1 and Red Lake 2 wells will be cored, evaluated and then plugged and abandoned. The following four wells in the program will be comprehensively tested and evaluated, with 4 ½" casing inserted to allow for future extended production testing and monitoring of the target coal seams.

At the conclusion of the program, Jade will have the permeability, gas content, saturation and compositional information necessary to assess the coal bed methane resource potential in the central area of the Project. This data will be integral to the design of the follow up pilot program where the cased and suspended wells will be used as either production wells, or monitoring wells, to assess the performance of the coal seams during testing.

Notwithstanding the demanding conditions of the Mongolian winter months, Jade's team, together with its contractors, are proceeding with the planned program in a professional, Health, Safety, and Environmentally (HSE) focused manner expected of international oil and gas companies. Jade's joint venture partner, state-owned Erdenes Methane LLC, has been closely assisting Jade with in-country logistics, and, along with its parent entity, Erdenes Mongol LLC, looks forward to progress on the program of what has been recognised by the Government of Mongolia of great significance to the country, as it continues to pursue its pathway to energy independence at the same time as improving the quality of its energy mix.



Figure 2: Preparation for Winter Drilling

The six well drilling program now commenced is aiming to meet the following objectives:

- Expand the area of investigation, adding wells to the west and east of the 2019 program;
- Confirm gas content, focused on key coal seams IV, III and 0, identified in 2019;
- Determine gas saturation, with isotherms to be conducted on selected core samples;
- Define gas composition, with samples taken in all key coal seams and at early, mid and late-stage desorption;
- Measure coal seam permeability across the area of investigation, with drill stem tests (DST) or injection fall off tests (IFOT) to be conducted in each well (*subject to availability*); and
- Retain wells to provide a launch point for the follow up pilot project.

Commenting on the commencement of drilling, Jade Executive Director, Joseph Burke, said:

"We are very pleased to have commenced our six well drilling program, which has been designed to initially demonstrate productivity. The team has done an amazing job assembling a robust drilling program which gives us high confidence that it will meet our objectives of validating gas content, determining saturation and composition and measuring permeability.

We will also look to broaden the area of investigation as we build on the historical work from our 2019 eight well prospecting program."



Figure 3: MGR Camp



Figures 4 & 5: MGR's Technical team & Mobile Lab Operation

- ENDS -

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Competent Persons Statement

The hydrocarbon resource estimates in this presentation have been compiled by Mr Adam Craig who is an employee of RISC as part of the Independent Technical Specialists Report prepared for the Prospectus dated 14 July 2021. Mr Craig is a highly experienced Geoscientist and Manager, with over 30 years' experience in the upstream oil & gas sector working for small and mid-size independents, as well as NOC related entities. He is a Certified Practising Geologist, a member of AAPG, PESA (2021 WA Branch President), EAGE, MAICD, and a Fellow of the Geological Society. He holds BSc in Geology from Curtin University, Western Australia and is a qualified petroleum reserves and resources evaluator (QPRRE) as defined by ASX listing rules.

About Jade Gas

Jade Gas Holdings Limited is a gas exploration company focused on the coal bed methane (**CBM**) potential of Mongolia. Jade's flagship project is the Coal Bed Methane gas project over the Production Sharing Agreement (**PSA**) area of Tavantolgoi XXXIII unconventional oil basin, (**TT CBM Project**). Jade will operate and manage the project through its subsidiary Methane Gas Resource LLC (**MGR**), a joint venture company (**JV**) partnering with Erdenes Methane LLC (**EM**), the representative of the Mongolian Government. The JV was formed with the intention to explore, develop and produce gas from the TT CBM Project located in the South Gobi region of Mongolia.

Jade's joint venture partner, EM, was awarded a PSA over the TT CBM Project area in April 2020, after completion by MGR of the requirements of a Prospecting Agreement (**PA**) held by JV partner EM over the area. In accordance with the joint venture agreements, Jade managed, fully funded and operated the fulfillment of the PA requirements during that period. Following approval of the Cabinet of Mongolia in October 2020, the PSA rights and obligations were fully transferred to the joint venture company MGR.

It is the strategy of Jade to seek to develop the Project so that gas produced may, in the long term, provide a reliable supply option to the oil and gas product market and to the power sector in Mongolia, both to the capital city of Ulaanbaatar and also into regional areas. Achievement of this strategy would partially displace the use of imported electricity, gas and gas liquid products, reduce the use of higher carbon emission emitting fuel sources such as coal and diesel, and not only reduce the air pollution of the capital city of Ulaanbaatar, and also into regional areas as well as mitigating the reliance on imported electricity.

Supporting Mongolia's energy transition is a key priority for Jade, and success will result in:

- Improving Mongolia's energy independence;
- Capacity support for Mongolia's significant future energy demand growth;
- Decarbonizing the economy by improving the energy mix with cleaner fuel sources; and
- Environmental, health and wellbeing benefits for the people and country of Mongolia.



Location of the TT CBM Gas Project in the South Gobi Basin of Mongolia