



58 Metres of Gas Bearing Coal at Red Lake-1

HIGHLIGHTS

- **1,012 metres total depth reached at Red Lake-1**
- **All targeted coal seams of interest intersected between 730 metres to 970 metres**
- **~58 metres of gas bearing coal seams from a total of ~145 metres of total coal core recovered**
- **Testing underway to confirm gas content and permeability**
- **Second drilling contractor engaged to expedite drilling program, with next two Red Lake wells to spud in coming weeks**

Jade Gas Holdings (ASX:JGH, **Jade** or the **Company**) is pleased to announce that total depth (**TD**) has been reached at Red Lake-1, the first of six wells to be drilled at the Company's coal bed methane gas project over the Production Sharing Agreement area of the Tavantolgoi XXXIII unconventional oil basin in Mongolia (**TTCBM Project**).

Jade is targeting natural gas from three coal seams of interest – IV, III and 0 – across the Red Lake Field (see cross section in Figure 1). The drilling program will improve the Company's understanding of the central core area of its TTCBM Project, which has an associated Prospective Resource of 1.0 Tcf¹ of gas.

Red Lake-1 Drilling Completed

The Company reached TD at Red Lake-1 of 1,011.5 metres, with all the three coal seams of interest intersected and cored between 730 metres and 970 metres depth. The extensive coring program delivered a total of 145 metres of coal, 58 metres of which had gas coming off the recovered core.

Core sampling and drilling data collection was completed at the Company's on-site mobile lab operation. The complete evaluation program for Red Lake-1, which will build an understanding of which coal seams may be targeted for commercial production, is underway and includes:

- Gas desorption, to assess gas content and expected to be completed over the coming weeks;
- Permeability testing, to identify the ease with which fluids flow through the coals; and
- Isotherm analysis, to assess gas saturation. The isotherm analysis will require specialist laboratory testing and as a result is expected to be completed around three months after the conclusion of desorption testing.

With the strong results from Red Lake-1, Jade has engaged a second drilling contractor to expedite the program by drilling two wells in parallel with the current drilling services provider.

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

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Red Lake-2

The second well in Jade's six well program, Red Lake-2, is located approximately two kilometres west of Red Lake-1 and expected to spud in the coming weeks (see location in figure 2). The well will be extensively cored and drilling is expected to reach TD at around 800 metres, with drilling to take approximately four weeks. All wells in this program will continue to target the three coal seams of interest, those being IV, III and 0.

Red Lake-3

The third well of the program, Red Lake-3, is located approximately 1.3 kilometres south-west of Red Lake-2 (see location in figure 2) and will also spud over the coming weeks. Red Lake-3 will be extensively cored and is expected to reach TD at around 730 metres, with drilling to take place over a three to four week period.

Commenting on the drilling milestone at Red Lake-1, Jade Chief Executive Officer, Chris Jamieson, said:

"The team at Jade is greatly encouraged by the amount of gas bearing coals seen at Red Lake-1. Most importantly, Red Lake-1 intersected all coal seams of interest which have exceeded expectations in terms of thickness."

Further testing is required to better understand the gas content, permeability and saturation of the target coal seams, the results from which will be gathered over the coming months. The strong results from Red Lake-1 have driven our push to expedite the program, and to this end we have engaged a second drilling company which will drill two of the six wells planned in this important drilling campaign."

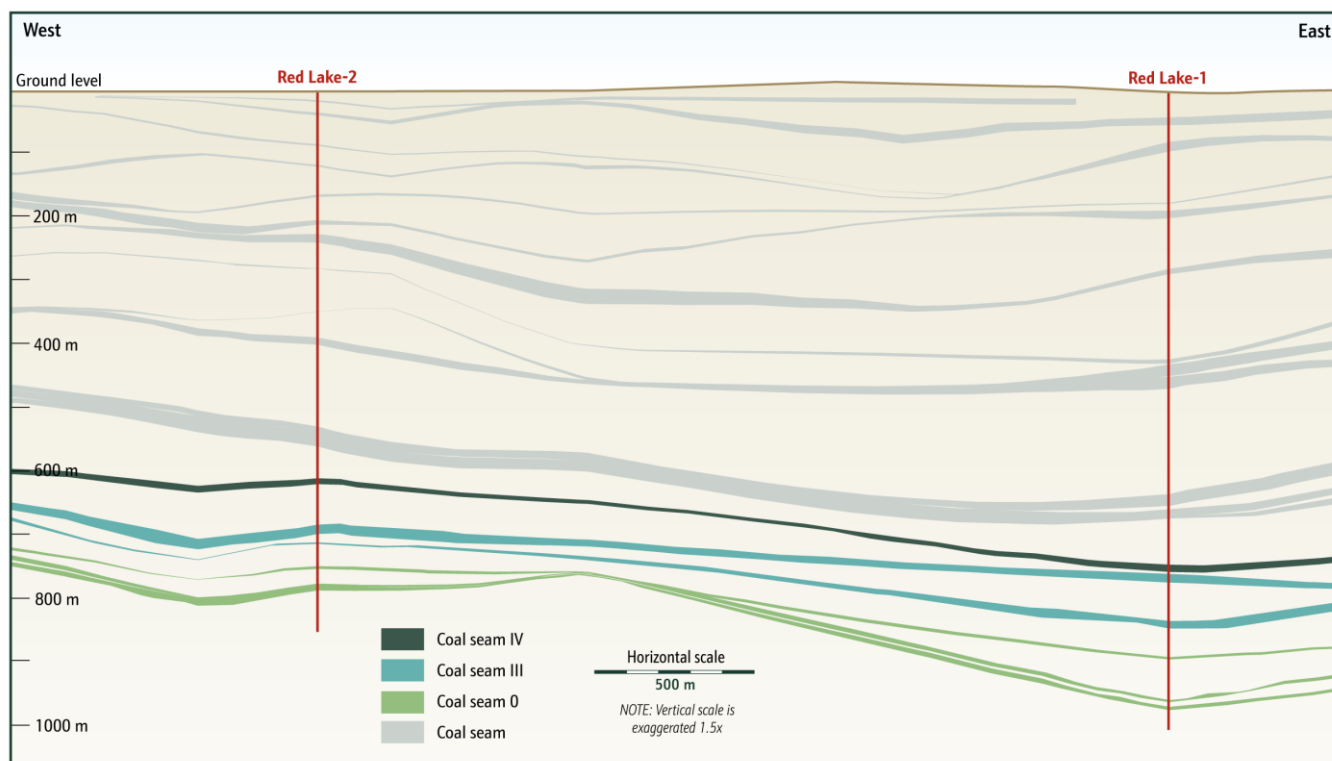


Figure 1 – Cross section of Red Lake-1 and Red Lake-2, highlighting targeted coal seams of interest – IV, III and 0



Figure 2 - Permit area showing locations of Red Lake-1, Red Lake-2 and Red Lake-3

- ENDS -

Authorised for release on behalf of the Board by Joseph Burke, Executive Director.

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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, (**TTCBM Project**). Jade will operate and manage the project through its subsidiary Methane Gas Resource LLC (**MGR**), a joint venture (**JV**) company 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 TTCBM Project located in the South Gobi region of Mongolia.

Jade's JV partner, EM, was awarded the PSA over the TTCBM 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 JV agreements, Jade managed, operated and fully funded the fulfillment of the PA requirements during that period. Following approval by the Cabinet of Mongolia in October 2020, the PSA rights and obligations were fully transferred to the JV company MGR.

It is the strategy of Jade to develop the TTCBM 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 regional areas. Achievement of this strategy would partially displace the use of imported 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, but reduce Mongolia's 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;
- Supporting Mongolia's significant future energy demand growth;
- Decarbonising the economy by improving the energy mix with cleaner fuel sources; and
- Enhancing the environmental, health and wellbeing benefits for the people and country of Mongolia.



Location of the TTCBM Gas Project in the South Gobi Basin in Mongolia