



Two rigs now drilling at Red Lake

HIGHLIGHTS

- **Red Lake-3 spudded and drilling ahead at 457 metres**
- **Red Lake-4 spudded and drilling ahead at 11 metres**
- **Coal seams of interest to be targeted at depths of between 600 metres to 900 metres**
- **Red Lake-1 post-drill test work ongoing**

Jade Gas Holdings (ASX:JGH, **Jade** or the **Company**) is pleased to announce that two rigs are now operational and the second and third wells in its six well drilling program, Red Lake-3 and Red Lake-4, have spudded. These wells are part of the six well program 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 central core area of the permit, which has an independently assessed Prospective Resource of 1.0 Tcf¹ of gas.

Red Lake-3

Red Lake-3 is the second well in the program and was spudded on 21 January 2022 and currently drilling ahead at a depth of 457 metres. Red Lake-3 is located approximately three kilometres west of Red Lake-1 (see location in figure 1) and will be cored and comprehensively evaluated through the target coal seams. The coal seams of interest are expected to be intersected at depths of between 600 to 700 metres, with total depth expected at around 730 metres. It is anticipated that Red Lake-3 will take four weeks to drill.

Red Lake-4

The decision was made to drill the deeper Red Lake-4 well ahead of Red Lake-2 to provide the best chance for continuous drilling over the coming months due to casing delivery delays related to Chinese border restrictions ahead of the Winter Olympics.

Red Lake-4 is the third well in Jade's six-well program and is located approximately 1.5 kilometres south-east of Red Lake-1 (see location in figure 1). The well spudded on 31 January 2022 and will be cored to a depth of around 1,000 metres with an evaluation program consistent with Red Lake-1 and Red Lake-3. The coal seams of interest are expected to be intersected at around 700 to 900 metres depth.

Red Lake-1 test work ongoing

Red Lake-1 reached total depth of 1,012 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.

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

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The complete evaluation program for Red Lake-1 is underway and includes:

- Gas desorption, to assess gas content;
- Permeability testing, to identify the ease with which fluids flow through the coals; and
- Isotherm analysis, to assess gas saturation.

Three Drill Stem Tests (**DST**) were conducted over the main seams of interest in Red Lake-1 and the results are being analysed, along with results from the Borehole Magnetic Resonance logging tool. These results, combined with the outcomes from the extensive evaluation planned in each of Red Lake -2, -3 and -4, will be used to build an understanding of the deliverability potential across the central core area of the TTCBM Project.

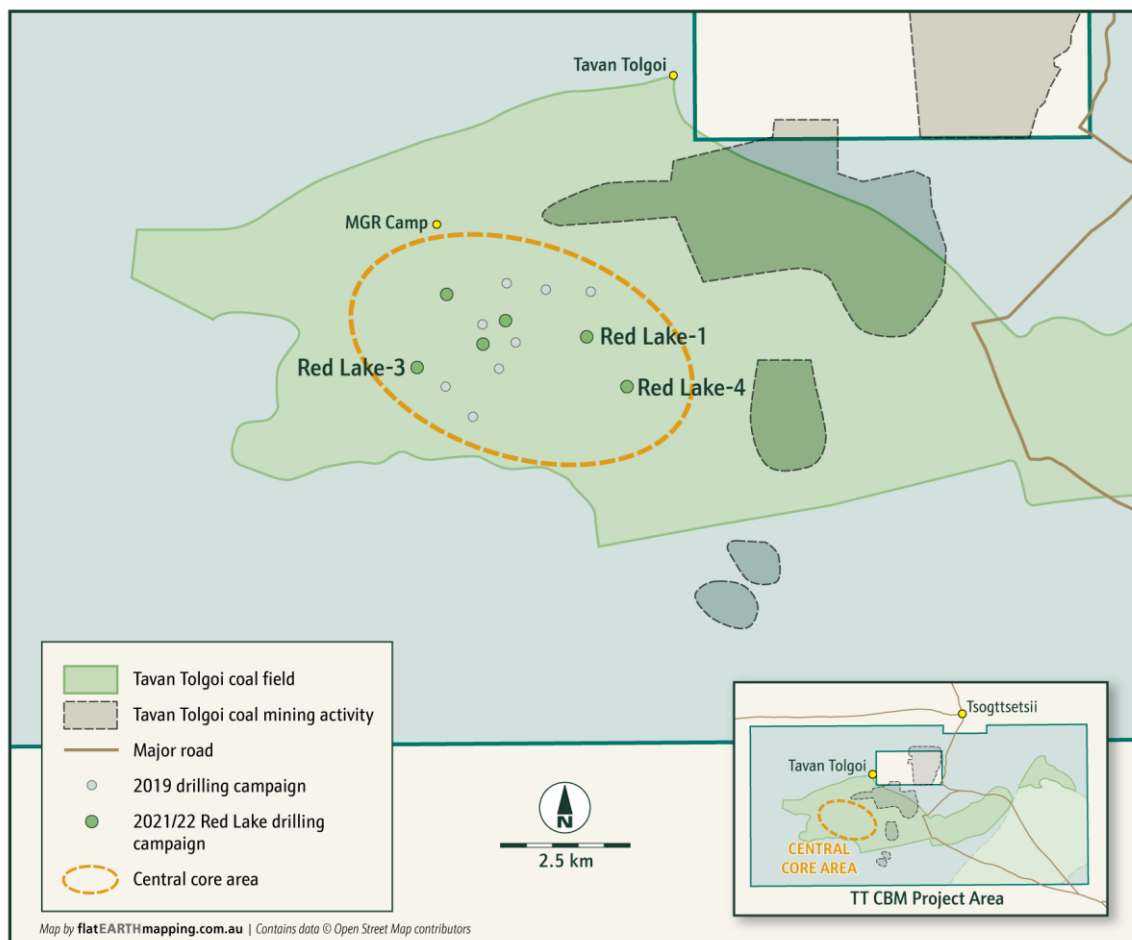


Figure 1 - Permit area showing locations of Red Lake-1, Red Lake-3 and Red Lake-4

- 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 Project in the South Gobi Basin in Mongolia