



Jade secures two highly prospective Mongolian CBM permits covering ~18,000 km²

HIGHLIGHTS

- Two highly prospective and sizeable coal bed methane Prospecting Agreement Permits (Shivee Gobi and Eastern Gobi) granted to Jade, covering a total area of 18,000 km²
 - Both Shivee Gobi and Eastern Gobi permits are situated in known coal basins with significant coal deposits
- Granting of Prospecting Agreements reflects strong intra-country relationships and Mongolian Government regulator (MRPAM) confidence in Jade to deliver value-adding exploration and appraisal programs
 - 100% ownership of both permits with minimal expenditure commitments
- Red Lake-4 drilling ahead at 400 metres
- Red Lake-3 encountered drilling difficulties requiring a re-drill pending review of information
- Fourth well in the program, Red Lake-2, spudded and drilling ahead at 151 metres

Jade Gas Holdings (ASX:JGH, Jade or the **Company**) is pleased to announce it has secured 100% of two highly prospective coal bed methane (**CBM**) permits, covering an expansive area of greater than 18,000 km² that sit over existing coal mines and coal deposits. The granting of new Prospecting Agreement permits (**PA's**) to Jade reflects the strong in-country relationships that Jade has with the Mongolian Government regulator, the Mineral Resources and Petroleum Authority of Mongolia (**MRPAM**), and its confidence in Jade to deliver value-adding exploration and appraisal programs. The granting of these PA's also builds on Jade's previous experience in successfully completing prospecting work and successfully negotiating a Production Sharing Agreement (**PSA**) with the Mongolian Government and regulators.

Along with this, the Company advises that Red Lake-4 is drilling ahead at 400 metres, and Red Lake-2, the fourth well in the six well program, has recently spudded and is drilling ahead at 151 metres. Drilling at Red Lake-3 has been put on hold pending a review following drilling difficulties experienced at 489 metres.

Commenting on the new permits and the current drilling campaign, Jade Chief Executive Officer, Chris Jamieson, said:

"Securing 100% of two highly prospective coal bed methane Prospecting Agreements is a real coup for Jade and its shareholders. The Shivee Gobi and Eastern Gobi permits are an excellent addition to our flagship TTCBM Project, which allows us to expand our exploration and appraisal for natural gas from the coal seams that sit within the boundaries of these areally extensive permits."

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Our strategy has been to expand our footprint with permits that have the right address, and that address is near and next to existing coal mines and deposits, where we are confident there are coals at depth that have the potential to be gas bearing and producing.

We are currently drilling Red Lake-2 and Red Lake-4 at our TTCBM Project, which are both drilling ahead toward the coal seams of interest, those being seams IV, III and 0. Red Lake-3 proved challenging with a part of the core barrel and drill bit left downhole. Difficulties were experienced when attempting to return to the interval to recover these items due to hole conditions higher in the hole. The drilling contractor has pulled out of the well and mobilised the rig to the Red Lake-2 location, where they are making strong headway. Analysis of the drilling conditions from Red Lake-3 is underway to identify potential reasons for the lack of stability in this well and methods to improve the chance of drilling success in a potential re-drill."



Figure 1 – Location of the TTCBM Project, the Shivee Gobi Permit and the Eastern Gobi Permit

Shivee Gobi

Jade has secured 100% of the Shivee Gobi PA, which covers an area of 8,317 km² and is located approximately 300 kilometres south of Ulaanbaatar. Within the permit are several known coal deposits, primarily trending from north-east to south-west.

Jade has negotiated minimal expenditure commitments on the Shivee Gobi PA over a three-year prospecting period. It is expected that initial desk top study work will be completed over the coming months to better

assess its potential, ahead of technical studies, drilling, coal sampling and gas testing. Total expenditure for the three-year period is initially estimated at around US\$110k.

Eastern Gobi

Jade also has 100% of the Eastern Gobi PA, which covers an area of 9,691 km² and is located approximately 450 kilometres south of Ulaanbaatar. The Eastern Gobi PA is home to significant coal deposits that are highly prospective for CBM.

Jade also negotiated minimal expenditure commitments over a three-year prospecting period for the Eastern Gobi PA. It is expected that initial desk top study work will be completed over the coming months, with total expenditure for the three-year period initially estimated at around US\$160k.

TTCBM Project

Two rigs continue to operate on what is now the third and fourth wells in the six well drilling program at Red Lake, those being Red Lake-4 and Red Lake-2. These wells are a follow up to the eight well drilling program back in 2019 at the Company's CBM 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-4

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. The coal seams of interest are expected to be intersected at around 700 to 900 metres depth, with the well currently drilling ahead at 400 metres.

Red Lake-3

Red Lake-3, the second well in the program, was spudded on 21 January 2022 and experienced wellbore issues that have resulted in the deferral of drilling activities in this location.

The well reached a depth of 489 metres at which point the core barrel separated from the drill string. The drilling team attempted to fish the core barrel and bit from the hole, however, the attempt to reach the core barrel was hindered by well bore restrictions in an area approximately 90 metres above the position of the core barrel.

The decision was made to move the rig to Red Lake-2 to provide an opportunity to assess the drilling conditions of the hole to better understand the cause of restrictions and drilling options to improve the chance of success for a potential re-drill adjacent to the location.

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

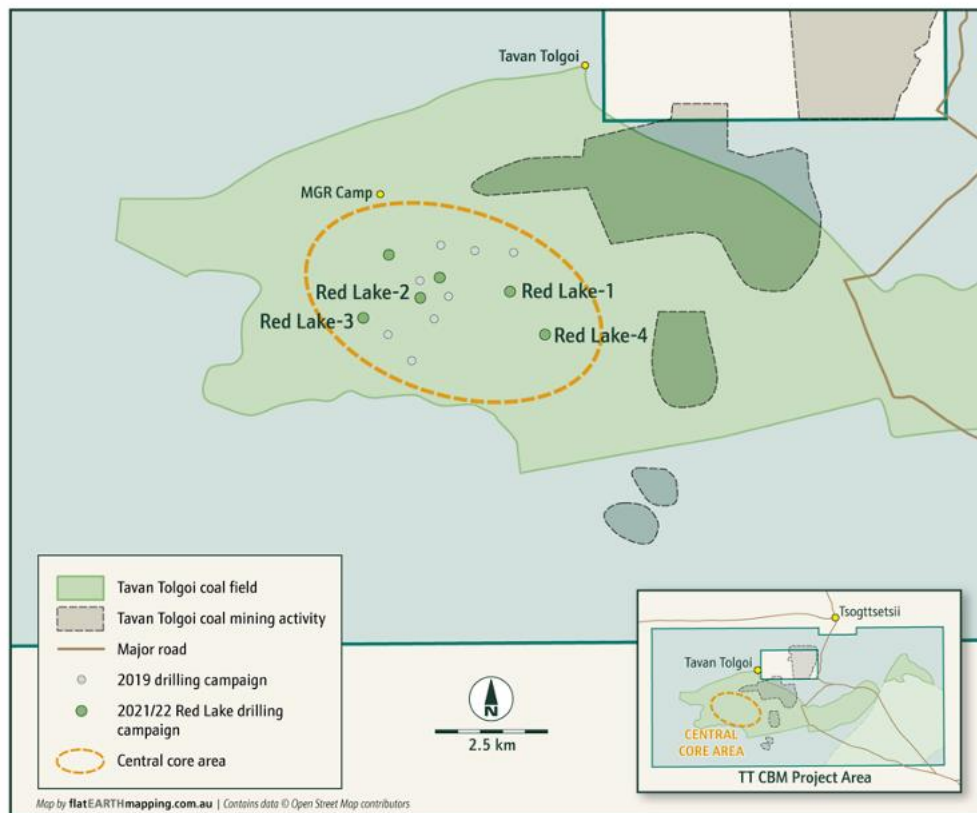


Figure 2 - Permit area showing locations of Red Lake-1 through Red Lake-4

Red Lake-2

Red Lake-2 is the fourth well in Jade's six-well program and is located approximately 2.5 kilometres west of Red Lake-1 (see location in figure 1). The well spudded on 6 February 2022 and has made strong progress, drilling ahead at 151 metres. The well will be cored extensively with the coal seams of interest expected to be intersected at depths of between 600 to 800 metres.

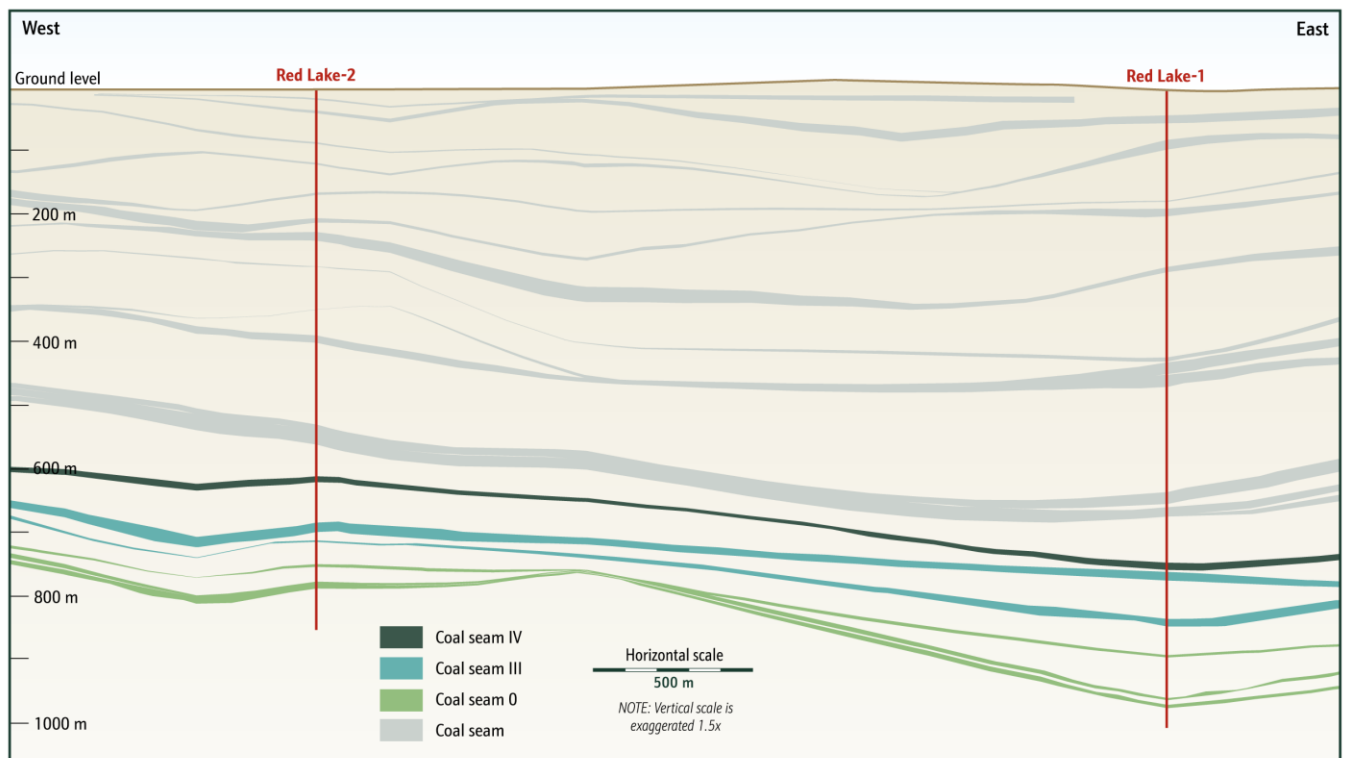


Figure 3 – Cross section of Red Lake-1 and Red Lake-2, highlighting targeted coal seams of interest – IV, III and 0

- 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.