



## Jade Expands Drilling Program at TTCBM Project

- Jade expands its TTCBM drilling program following strong early results
- Three new exploration targets in eastern zone
- Current drilling in Red Lake area expected to complete next quarter
- Extended production test planning advanced with contractor engaged for design work
- Contingent Resources booking over initial Red Lake area expected imminently

Jade Gas Holdings (ASX:JGH, **Jade** or the **Company**) is pleased to announce the expansion of its drilling program, targeting natural gas from three coal seams of interest (IV, III and 0) across prospective areas of the TTCBM Project permit, which has an independently assessed Gross Prospective Resource of 1.0 Tcf<sup>1</sup> of gas.

The CY2022 drilling program has been expanded at Red Lake to include the drilling of Red Lake-7, which will be the second well used for extended and pilot production testing work.

This program has been expanded following a review of the excellent early results demonstrated in the Red Lake area including high gas content and multiple intersections of thick coals in targeted seams of interest (refer to ASX Announcement 28 July 2022). These results lay a strong foundation for extended production testing at Red Lake early next year.

Three exploration targets have been identified along with Red Lake-7, which has been added to the current Red Lake program and will be drilled as a production well after Red Lake-5. The Vista-1, Brownhill-1, and Steppe-1 exploration wells will be drilled in the eastern portion of the permit (see Figure 1 for expanded drilling locations).

Vista-1, the first of three exploration wells to be drilled, spudded on 1 August and is currently drilling ahead at 303.5 metres. The well is expected to take approximately four weeks to drill and will be extensively cored through the seams of interest to an expected depth of 570 metres.

Two further exploration wells, Brownhill-1 and Steppe-1, will follow Vista-1 and will complete the exploration component of the CY2022 drilling program.

<sup>1</sup> Refer RISC 2021 independent evaluation report in Prospectus dated 14 July 2021

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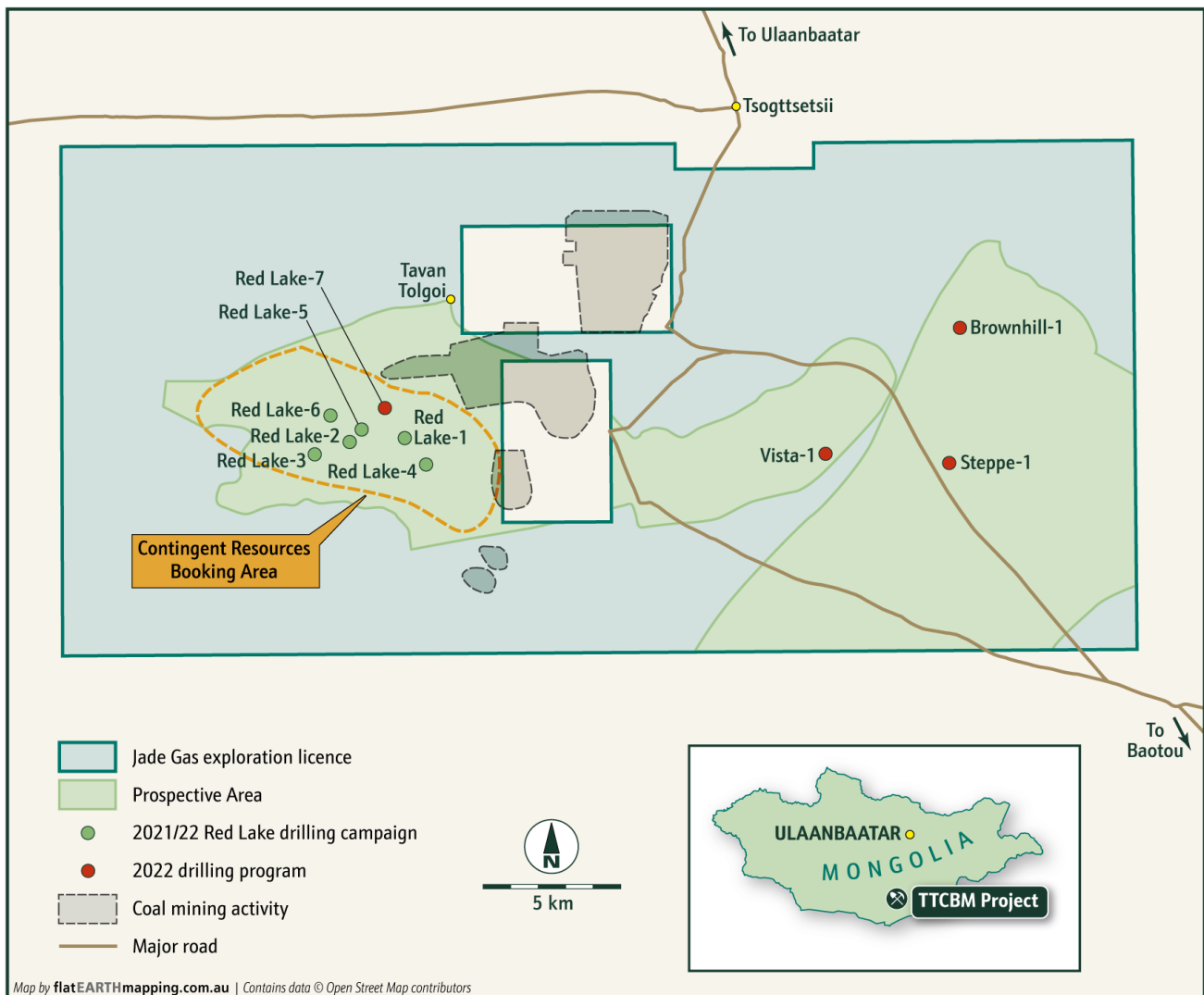


Figure 1 - Permit area showing well locations at Red Lake and targeted exploration to the east

## Red Lake Drilling Program Progresses

Activities at Red Lake-5, the final well of the 2021/22 drilling program, have recommenced. The well will be comprehensively evaluated through the target coal seams, which are expected to be intersected at depths between 620 and 700 metres, with total depth (TD) expected at around 715 metres. The re-drill is anticipated to take about six weeks.

Red Lake-5 will be cased with 4.5" casing down to a depth of 680 metres, just above seam 0, which will be cored and drill stem tested, with the section from 680 to 715 metres to be left-open-hole for subsequent completion and extended production testing.

Red Lake-6 reached TD at 543 metres and is marked for future use as an observation well. Casing was successfully cemented to 444 metres to isolate a fault zone in the upper coal units before the well was cored to TD. Due to the fault intersected in the well, the seam correlation in the area is uncertain and at this stage it is not clear whether target coals were intersected, which is the likely cause of negligible gas content in the well.

A geophysical survey, together with future appraisal wells, will be required to delineate the seams. While the well will not be used for production, the borehole will be used for monitoring of seam pressures during extended and pilot production testing. This pressure data may also assist with understanding seam continuity.

Red Lake-7 will be drilled as part of the CY2022 drilling program and will be located approximately 1.2 kilometres north-east of Red Lake-1. The well will be the second production well in the extended and pilot production testing phase and is expected to take about five weeks to drill. It will be comprehensively evaluated through the target coal seams, which are expected to be intersected at depths between 380 and 560 metres. Plans are being progressed to drill Red Lake-7 in mid-2H 2022, which will enable the well to be production tested with Red Lake-5.

### **Extended Production Testing**

The extended production test will provide key information on well performance and deliverability to ultimately support assessment of commercial development options. The extended production test is planned to be conducted on both the Red Lake-5 and Red Lake-7 wells, with design and procurement of equipment for this in progress and expected to be delivered and installed in late CY2022/early CY2023. With the inclusion of the Red-Lake 7 well (replacing Red Lake-6), the Company is targeting flow testing to commence early in CY2023.

Jade has also confirmed the engagement of well engineering and project management consultants, inGauge Energy, to undertake design work for pilot vertical and horizontal wells for the TTCBM Project.

### **Contingent Resources Booking**

The Red Lake area is currently being independently assessed for Contingent Resources with the booking expected imminently.

**- ENDS -**

**Authorised for release on behalf of the Board by Chris Jamieson, Managing Director and CEO.**

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*Figure 2: Vista-1 exploration well*



*Figure 3: Wellhead at Red Lake-6*

## About Jade Gas Holdings Ltd

Jade is a gas exploration company focused on CBM potential of Mongolia. Jade's flagship project is the Coal Bed Methane gas project over the PSA area of Tavantolgoi XXXIII unconventional gas basin. 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 company of the Mongolian Government. The JV was formed with the intention to explore, develop and produce gas from the TTCBM Project permit (Jade 60%, Erdenes Methane LLC 40%), 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.

Jade recently acquired two new prospective CBM permits, Shivee Gobi and Eastern Gobi. Both permits cover an area of over 18,000km<sup>2</sup> and are well located within existing coal basins and near coal deposits and mines.

It is the strategy of Jade to seek to develop all of its projects so that gas produced may, in the long-term, provide a reliable supply option to the oil and gas product market and the power sector in Mongolia, both to the capital city of Ulaanbaatar and also regional areas. Achievement of this strategy would partially displace the imported gas and gas liquid products, reduce higher carbon emitting fuel sources such as coal and diesel, the result of which would be the improvement in air quality of Ulaanbaatar city and other towns.

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
- Decarbonizing the economy by improving the energy mix with cleaner fuel sources
- Environmental and health benefits for the people and country of Mongolia.