



Jade Drilling Results Deliver High Confidence Ahead of Pilot Production

- Initial collaboration works advanced with Erdenes Tavantolgoi JSC (ETT) as part of a joint initiative to assess gas project characteristics at Tavan Tolgoi
- Drilling of first two wells completed, with highlights including:
 - Total of 66 metres of gassy coal recovered in both wells from seams of interest;
 - Assessment of gas composition and gas content of recovered coals underway;
 - Drill stem tests performed in both wells, with strong permeability results; and
 - Results to assist Jade regarding gas extraction and ETT on future safe mine developments.
- High confidence in commercial gas potential for the broader area, allowing for order of long lead equipment items for Red Lake Extended and Pilot Production tests, some of which are expected to arrive onsite in Mongolia this December
- Positive discussions continue with MOU partners and other potential downstream customers with respect to potential future gas offtake and infrastructure

Jade Gas Holdings (ASX:JGH, **Jade** or the **Company**) is pleased to advise that, following the announcement of a collaboration initiative with the Tavan Tolgoi coal mine (ASX Announcement 7 September 2022), the drilling of the ETT-1 and ETT-2 wells has completed with gassy coals recovered and being analysed.

Jade is targeting natural gas from three coal seams of interest – IV, III and 0 – across the prospective areas within its TTCBM Project permit, with Gross Contingent Resources recently booked for the Red Lake area within the permit of 1C: 118 Bcf, 2C: 246 Bcf and 3C: 305 Bcf¹ of gas.

Commenting on the completion of ETT drilling, Jade Managing Director and CEO, Chris Jamieson, said:

“These ETT wells have provided important sources of data for both ETT and Jade. The benefits for ETT include an improved understanding of the coals and the approach needed to extract methane from the coals, the end result of which will be a safer environment within which ETT can expand its mining operations.

For Jade, this information underpins our decision to purchase long lead items for the extended and pilot production testing phases at the TTCBM Project. Because the wells were drilled in shallower coals nearer the Tavan Tolgoi mine, we now have a more complete picture of the coals across the Red Lake area.

¹ Refer ASX Release dated 23 August 2022

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Both ETT-1 and ETT-2 have identified gassy coals which are undergoing assessment at our onsite laboratory. These wells have proven that gas is present in the coal seams of interest at shallower depths to the Red Lake wells, which will likely see these shallower areas being a focal point of our Pilot Program.

As well as all this, our recent Contingent Resources booking shows the large-scale potential of the TTCBM Project, which in turn is leading to a number of promising discussions with sector participants and potential gas customers in terms of future gas supply."

ETT Drilling Campaign

Both ETT-1 and ETT-2 were cored wells that reached total depth of 374 metres and 414 metres respectively. ETT-1 recovered 30 metres of coal core through the seams of interest (0, III, IV) between 220 and 361 metres depth. ETT-2 recovered 36 metres of coal core through the seams of interest between 216 and 387 metres depth.

Well bore logging and drill stem testing has been completed in both wells, with coal permeability of up to 1.8 millidarcy identified. Desorption data collection is in-progress at the Company's on-site mobile laboratory, with an evaluation of gas desorption, gas composition, and gas saturation for both wells currently underway.

These results will assist with identifying drilling sites for the 2023 Pilot Production wells.

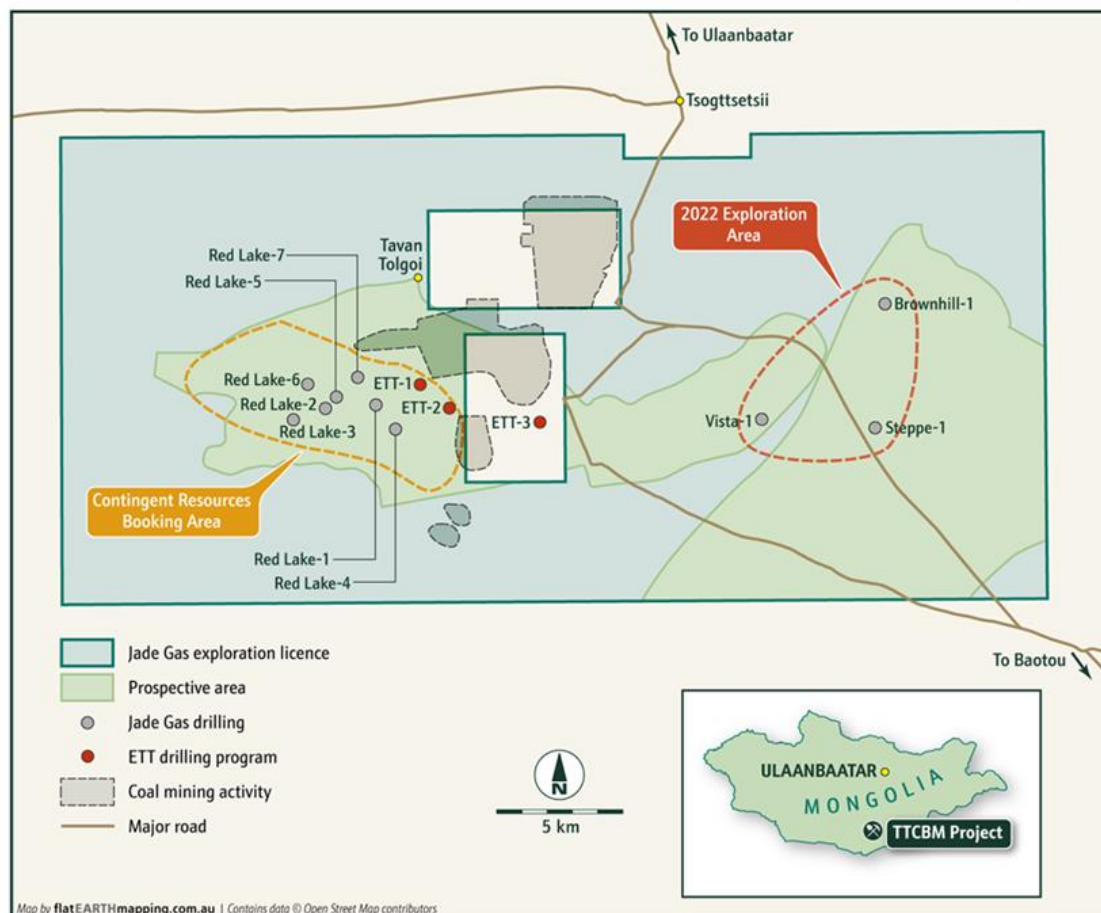


Figure 1 - Permit area showing drilling across the TTCBM Project permit

Commercialisation MOU's and ongoing discussions

With increasing confidence in the sub-surface understanding of the TTCBM Project, the Company is continuing to advance discussions with sector participants, including potential gas customers, and other groups looking to participate in the mid and downstream segments of an eventual field development scenario.

Jade already has two important MOU's in place. The first is with Mongolia's largest natural gas importer and distributor, UB Metan LLC, which contemplates working together with Jade on potential future gas offtake, and the second is with Monhorus International LLC, for the joint assessment of suitable power supply options utilising coal seam gas. This MOU includes longer term options for larger scale generation and associated grid connection and administration.

In addition, Jade continues to progress discussions with other potential users of gas in the South Gobi region, working towards alignment of the TTCBM Project's potential production scenarios with indicative user volume requirements.

Red Lake Area

The re-drill of Red Lake-5 is ongoing with the well currently at 481 metres. 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 TD expected at around 715 metres.

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-7 is expected to spud within the month and will be the second production well in the extended and pilot production testing phases at Red Lake.

Extended Production Testing

The extended production test will include the Red Lake-5 and Red Lake-7 wells. This testing will provide critical information on well performance and deliverability that will ultimately support Jade's assessment of commercial development options. As part of this, two production skids are in the final stages of construction in Brisbane. These skids will be integral to the production of water and separation of gas once it starts desorbing off the coals during the various upcoming tests. It is anticipated that these skids will be onsite in December 2022.

In parallel, the Company is currently working on the planning and design of the Pilot Program with its well engineering and project management consultants, In-Gauge Energy.



Figure 2: One of two production skids, showing the hydraulic power unit to drive the wellhead pumps for the pilot wells

- ENDS -

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

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About Jade Gas Holdings Ltd

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 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 18,000km² 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.