



Jade Gas Continues to Deliver Exploration Success

- **35 metres of gassy coal intersected at the Baruun Naran permit (BNG-1) located west of the TTCBM Project**
- **Jade believes it has now established the potential for a substantial gas field over 35 km**
- **Multiple drilling programs accelerating across:**
 - **RED LAKE AREA: Two production test wells progressed (Red Lake-5 at 481 metres and Red Lake-7 at 93 metres)**
 - **EASTERN ZONE: Two exploration wells; Steppe-1 at 800 metres and Brownhill-1 at 523 metres; results being assessed**
 - **WESTERN ZONE: BNG-1 reached measured depth of 463 metres and currently undergoing drill stem tests; BNG-2 to spud in coming days once DSTs complete at BNG-1**
- **Encouraging engagement with commercial customers within 100 kilometres of the TTCBM Project representing in excess of 500MW of demand over coming years**

Jade Gas Holdings (ASX:**JGH**, **Jade** or the **Company**) is pleased to advise that it has stepped up its drilling activity in the South Gobi region of Mongolia, with four rigs drilling production and exploration wells at the TTCBM Project and the recently acquired Baruun Naran permit.

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 active drilling, Jade Managing Director and CEO, Chris Jamieson, said:

“Intersecting 35 metres of gassy coal at the Baruun Naran permit is significant as it now extends our potential gas field opportunity to over 35 kilometres. We currently have four rigs operating to meet our extended production timeline for the TTCBM Project and extend the strike area over the region.

Long lead item purchases for extended and pilot production testing at the TTCBM Project have commenced, with the first two production skids despatched from Brisbane to Mongolia this week.

We continue promising discussions with sector participants and potential gas customers in terms of future gas supply. With the location of the TTCBM Project in the heart of a resource rich area of the South Gobi, we are incredibly lucky that our future downstream gas market is literally on our doorstep.”

¹ Refer ASX Release dated 23 August 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in this market announcement and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

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Drilling Campaign

The first of the two Baruun Naran wells, BNG-1, spudded on 24 October and reached a measured depth of 463 metres. The well has been logged and is currently undergoing drill stem testing. The BNG wells are targeting shallow coals at depths of between 150 and 350 metres, with BNG-1 recovering 35 metres of gassy coal, which is currently being assessed.

The BNG permit has an active coal mine within it, along with substantial data gathered from historic coal mine drilling. From this data we are locating wells in areas that we are confident will extend the TTCBM play, and with the intersection of 35 metres of gassy coal, the gas fairway extends another 20 kilometres to the west, giving our CBM play a strike distance of approximately 35 kilometres.

The exploration drilling in the east of the permit continues with the wild-cat exploration well Steppe-1, the third well in the TTCBM exploration program, which is currently at 797 metres. Steppe-1 is expected to reach total depth (TD) at around 900 metres.

Brownhill-1 was drilled to a depth of 523 metres, with the coal core currently being analysed and initial results from the coal core expected within the week.

Red Lake-7, the second cased well for extended production testing was spudded over the weekend and is at 93 metres depth and preparing to run 7" surface casing. Red Lake-7 is closer to the Tavan Tolgoi mine and is expected to have a shallower TD than that of Red Lake-5, at around 510 metres. Red Lake-5 is expanding the wellbore to 6" and is currently at 481 metres. Both wells are expected to be completed in December ready for testing in early 2023.

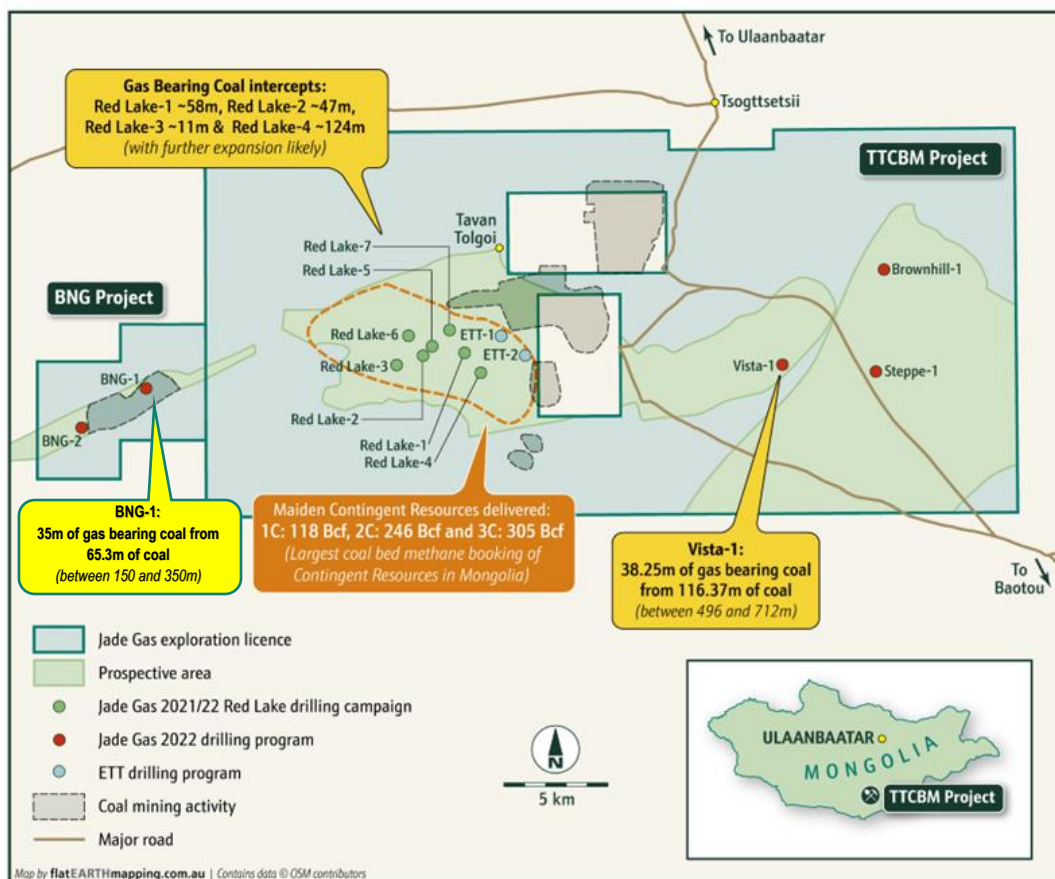


Figure 1 - Permit areas showing drilling across the TTCBM and BNG Projects



Downstream gas offtake opportunities

The TTCBM Project is ideally located with significant mines and other mineral deposits within 100 kilometres. It is estimated that over 500 MW of power will be required to meet the electricity needs for expected production from these operations over the coming years. The TTCBM Project and BNG permit are well situated to take advantage of this boom in power demand as these producers, all of whom are increasingly aware of the global financial market's viewpoint on carbon intensive power usage, eagerly search for a cleaner source of energy to drive operations.

We anticipate that a mixture of gas, wind, solar and batteries will drive the energy needs of Mongolia's South Gobi mining operations, with the reliability of a localised natural gas supply to form the base load source for this demand over many years. To this end we continue to have valuable discussions with multiple parties interested in this renewable solution. These discussions also include infrastructure focused development banks and financing institutions that understand the need for Mongolia to transition away from coal fired electricity, the majority of which is imported from China.

- 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.