



## Jade Prepares to Commence Gas Production

### Highlights

- **Jade completes Mongolia's first ever horizontal CBM gas production wells**
- **Pumping and dewatering process to commence shortly with both production wells expected to be on line early June 2025**
- **Jade now firmly positioned to unlock Mongolia's substantial gas resources in the short-term to meet the growing demand for diesel replacement and power generation**

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Jade Gas Holdings Limited (ASX:**JGH**) (**Jade** or the **Company**) is pleased to announce the successful completion of two horizontal coal bed methane (**CBM**) production wells at the Red Lake gas field in the South Gobi region of Mongolia.

### Horizontal Wells Completed for Gas Production

Jade has achieved a significant milestone delivering the first horizontal CBM gas production wells in Mongolia. Two horizontal production wells have now been completed for production and the dewatering process will commence imminently once the Company receives approval from the regulator. In parallel, Jade's drilling contractor, DWK, is preparing its in country team to initiate the pumping and monitoring process. Initial gas breakthrough is expected in the coming weeks as water is pumped from coal seam IIIb from both horizontal wells RL-Hz-002 and RL-Hz-001. Reservoir pressure is expected to gradually decrease and reach the point at which gas will also flow from the coal to surface. Small volumes of gas are anticipated initially and gas flow rates expected to build progressively as reservoir pressure decreases over time.

This milestone marks a significant step for both Jade and the development of the gas industry in Mongolia. Jade is now firmly positioned to unlock the country's substantial gas resources to meet the growing demand that is evident on Jade's doorstep in the South Gobi, as a replacement (in compressed or liquified state) for diesel fuel which serves the long haul trucking operations in the area, and as an input to power generation for the many large mining operations.

Jade continues to progress negotiations with partners on these near-term commercialisation opportunities, with a focus on Liquified Natural Gas (**LNG**) and Compressed Natural Gas (**CNG**) capabilities to capture value from the early gas flow. Partnerships and other structures are under consideration with equipment manufacturers to assist Jade with faster access to customer markets and ultimately early revenue.

### Directors



**Figure 1: Completed CBM Gas Production Wells at the Red Lake field**

**Commenting on the milestone toward gas production, Jade Executive Chairman, Dennis Morton, said:**

*"Jade is on a direct path to first gas production from Mongolia's first ever, horizontal CBM gas production wells, which positions the Company to unlock the country's substantial gas resources.*

*Once pumping commences, the team will work through activities to optimise operations as dewatering continues ahead of gas flows.*

*Our focus also remains on progressing commercial discussions with partners so that Jade can quickly capture value from first gas production and leverage this into the broader development plan."*

**- ENDS -**

**Authorised for release on behalf of the Board by Joseph Burke, Executive Director.**

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**Forward Looking Statements**

This announcement contains various statements relating to intentions, future acts and events. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

**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 operates and manages 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 TTCBM Project has a 2C Gross Unrisked Contingent Resource of 246 Bcf<sup>1</sup>.

Jade also entered into a JV with Hong Kong listed Mongolia Mining Corporation Limited (MMC), for the CBM rights over MMC's Baruun Naran coal mine, immediately adjacent to the TTCBM Project, called the BNG Project. MMC is Mongolia's largest publicly traded miner with a vision is to become the country's largest diversified mining company. With a known coal resource and operating mine at Baruun Naran, Jade is working with MMC to further appraise and determine the commercial pathway for gas in this project.

Furthermore Jade holds two prospective CBM permits, Shivee Gobi and Eastern Gobi. Together the 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.

Jade's strategy is to develop all of its projects so that gas produced may, in the long-term, provide an economically viable and reliable supply option to the power and transport sectors in Mongolia, initially in the South Gobi. The Company is pursuing multiple commercialisation options to participate in the heavy vehicle transport and power sectors through both compressed and/or liquified natural gas projects. Achievement of Jade's strategy will displace the heavy reliance on imported gas and gas liquid products, especially diesel fuel, and coal fired power. This will increase the security of energy supply for Mongolia as well as provide significant improvement in air quality and other environmental outcomes.

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<sup>1</sup> 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.





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.