



Outstanding gas composition and high gas content at Jade's TTCBM Project

- 98% methane identified in Red Lake-1 coal seam III
- 92.5% methane identified in Red Lake-1 coal seam IV
- 11-15m³ per tonne of dry ash-free gas content recorded
- Red Lake-2: reached total depth at 790 metres; 46.8 metres of gas bearing coal intersected
- Red Lake-3: preparing for coring at 470 metres
- Red Lake-4: at 863 metres; 65.3 metres of gas bearing coal intersected

Jade Gas Holdings (ASX:JGH, Jade or the **Company**) is pleased to provide an update on results to date from its six well drilling program, including information on the drilling of wells Red Lake-2, -3 and -4 in the central core area of the Company's coal bed methane (**CBM**) gas project over the Production Sharing Agreement area of the Tavantolgoi XXXIII unconventional gas basin in Mongolia (**TTCBM Project**).

Jade is targeting natural gas from three coal seams of interest (IV, III and 0) at the TTCBM Project, which has an independently assessed Prospective Resource of 1.0 Tcf¹ of gas.

Commenting on the gas composition and gas content for the drilling program to date, Jade Chief Executive Officer, Chris Jamieson, said:

"These results are in line and better than what has been delivered at a number of commercial fields in Australia, whether they be conventional or unconventional. The gas composition of up to 98% methane is outstanding and will make for simple processing of gas should it be produced in offtake quantities.

It was pleasing that we were able to work with lab technicians at the University of Mongolia in Ulaanbaatar to undertake compositional analysis and equip them to correct for air contamination, which is common in low pressure samples associated with coal bed methane evaluation. As a result, we will look to the University for more compositional analysis from the remaining wells in the program.

We are also extremely pleased to see gas content levels of up to 15m³ per tonne over the coal seams of interest on a dry ash-free basis. This high gas content and the thick coal seams intersected provide a favourable foundation for the TTCBM Project and we look forward to combining these results with those from our testing program as we move toward a contingent resource booking.

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

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Our drilling program is on track to be completed in mid-May, with the spudding of Red Lake-5 expected over the coming weeks and Red Lake-6 by mid-April. After these wells have been evaluated and cased, we will then look to undertake an extended production test of Red Lake-5, and possibly Red Lake-6."

Gas content and composition

Strong results have been delivered from Red Lake-1 in the form of gas composition and gas content. The gas content determination work was undertaken on site by local staff under instruction and review by ALS in Australia. Compositional analysis was completed at the University of Mongolia in Ulaanbaatar.

Numerous gas samples from the thick seam IV in Red Lake-1 delivered consistent gas compositions of 92.5% methane and 7.5% CO₂. Compositional samples from seam III, the highest gas content seam intersected by the well, indicate methane at approximately 98%. Gas compositional analysis for samples recently collected in Red Lake-2 and -4 will commence shortly to further validate the composition across the Red Lake field area.

Gas content from coal seams IV, II and 0 in Red Lake-1 have averaged between 11-15m³ per tonne (dry ash-free basis), a level consistent or better than many commercial CBM fields around the world, including those in the Bowen and Surat CBM basins in Queensland. Gas content measurements from core recovered from Red Lake-2 and -4 is on-going.

Red Lake-2

Red Lake-2 is located approximately 2.5 kilometres west of Red Lake-1 (see location in figure 1) and was spudded on 6 February 2022. The well reached total depth (**TD**) at 790 metres, with 46.8 metres of gas bearing coal intersected in the coal seams of interest. Red Lake-1 intersected a sizeable 58 meters of gas bearing coal, and with similar sized gas bearing coal seams intersected in Red Lake-2 and -4, the Company now has a clearer picture of the consistent size and reach of the coal seams in the Red Lake area.

A drill stem test (**DST**) interval was recently completed over coal seam 0 at between 749 to 776 metres, which was followed by an injection fall off test (**IFOT**). The results of these tests will be compared against the DST results from Red Lake-1 and the upcoming DST results from Red Lake-5 and -6 to gauge initial permeability estimates over the core area currently being drilled.

Red Lake-3

The redrill of the Red Lake-3 well is located approximately 3.5 kilometres west of Red Lake-1 (see location in figure 1) and has been drilled to 470 metres. At the conclusion of testing at Red Lake-2, the rig will move onto the Red Lake-3 well and core to TD, which is expected to be around 725 metres.

Red Lake-4

Red Lake-4 is located approximately 1.5 kilometres south-east of Red Lake-1 (see location in figure 1) and is currently at a depth of 863 metres. The IFOT may be run in this well to test permeability through the coal seams of interest at depths of between 700-900 metres.



Red Lake-5 and -6

The final two wells in the program, Red Lake-5 and -6, will be drilled as 6" wells (wider than Red Lake -1, -2, -3 and -4 which were 4" wells) with 4.5" casing to be inserted in each well in preparation for the extended production test in the second half of 2022.

On-penetration DSTs will be run in Red Lake-5 and -6 to evaluate the permeability of the coal seams. Red Lake-5 seam 0 will be left open hole with the intention to conduct an extended production test (expected to take between 90 and 180 days) later in 2022. Red Lake-6 will be fully cased and evaluated for potential extended testing in parallel with Red Lake-5, or for use as an initial production well in a future pilot in 2023, dependent on well results.

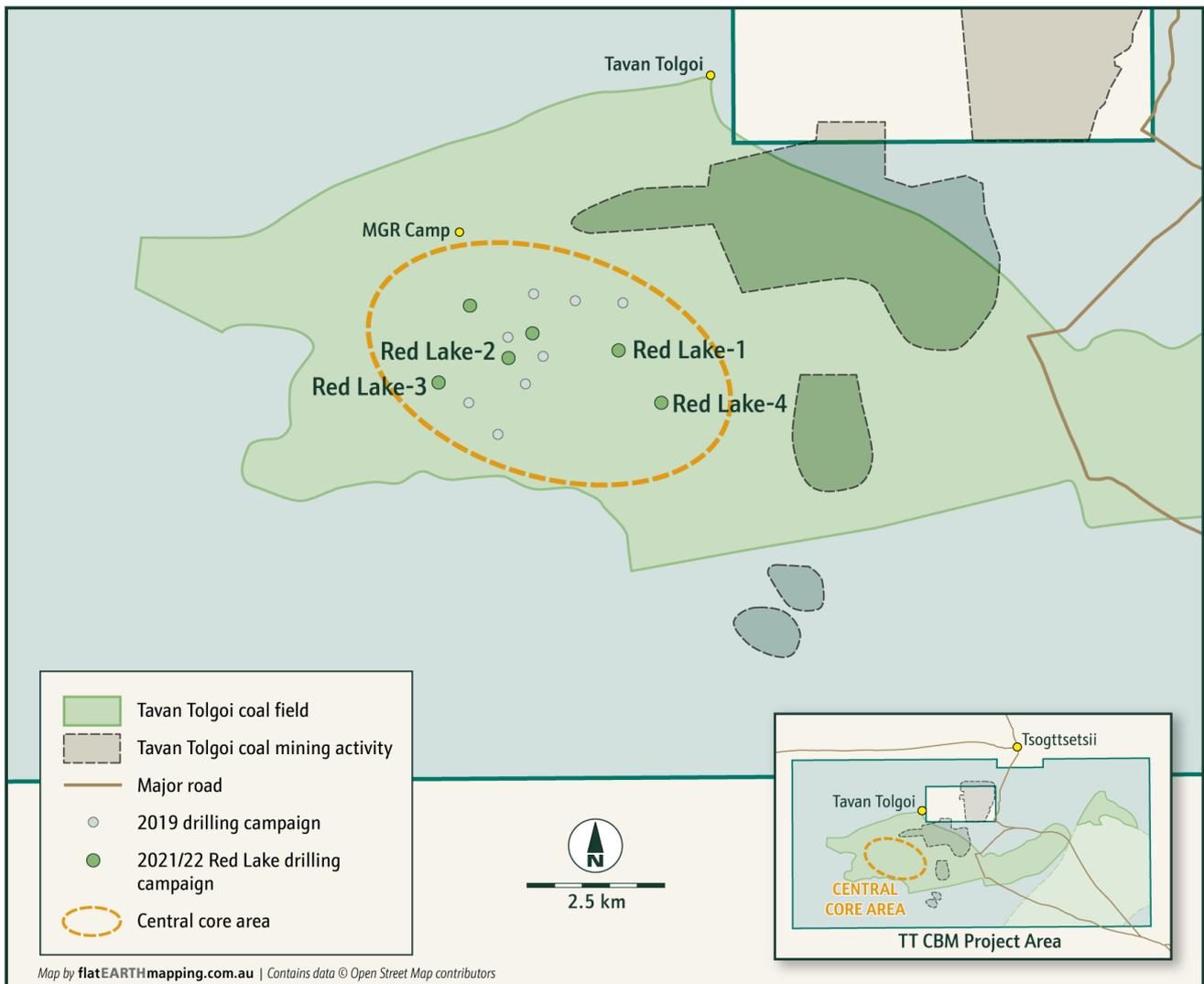


Figure 1: Permit area showing locations of Red Lake-1, -2, -3 and -4

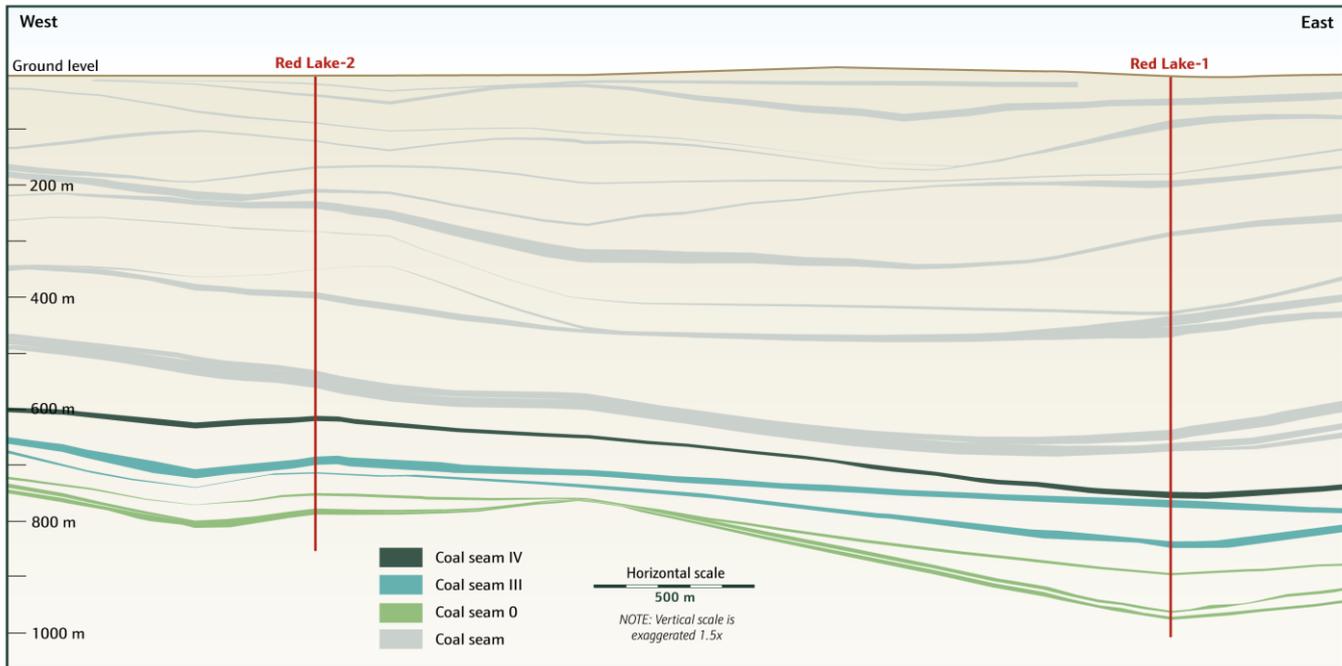


Figure 2 – Cross section of Red Lake-1 and Red Lake-2, highlighting targeted coal seams of interest – IV, III and 0

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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 gas 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.