



Gas coming off core at Red Lake-1

HIGHLIGHTS

- **Red Lake-1 drilling ahead at 742 metres**
- **Natural gas targeted in three coal seams of interest at depths between 700-900 metres**
- **Multiple coal seams intersected to date; first coal seam of interest intersected at 728 metres with gas observed coming off core**
- **Desorption measurements and gas sampling commenced**
- **Red Lake-1 Total Depth (TD) expected early January 2022**

Jade Gas Holdings (ASX:JGH, **Jade** or the **Company**) is pleased to provide an update on the six well drilling program at its flagship TT Coal Bed Methane Gas Project in the South Gobi Basin in Mongolia (**TT CBM Project**).

Red Lake-1 spudded on 28 November 2021 and is drilling ahead at 742 metres, broadly in line with initial time expectations. The Company is targeting natural gas from three key coal seams – IV, III and 0 – at depths between 700 to 900 metres. Multiple coal seams have been intersected in Red Lake-1 to date, with the first targeted coal seam of interest, seam IV, intersected over the weekend at 728 metres. Visible gas has been observed coming off the core, which will be further tested for gas desorption measurements along with cores from seam III and seam 0.

The complete evaluation program for Red Lake-1 will also include permeability testing to assess the ease with which fluids will flow through the coals, and wireline logging and isotherm analysis to assess gas saturation. While core sampling and data collection will be completed at the wellsite, desorption, coal proximate analysis and permeability assessment will require additional time to complete, with results expected throughout January 2022. Results from isotherm analyses, which requires specialist laboratory testing, are expected to be completed 2-3 months after the conclusion of the desorption tests.

It is expected that the Ellehcor rig will be mobilised to the Red Lake-2 wellsite, approximately 1.6 kilometres to the south-east of Red Lake-1, and spud Red Lake-2 within two weeks of Red Lake-1 reaching TD in early January 2022.

Commenting on the progress, Jade Chief Executive Officer, Chris Jamieson, said:

"We are delighted with the drilling progress being made at Red Lake-1, the first well in our recently announced six well Red Lake appraisal program. Pleasingly, we have hit the first of our three coal seam targets, with visible gas coming off the core recovered from the well in seam IV."

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The drilling to date has been done in a safe and timely manner, with rig contractor, Ellehcor LLC, performing to the high standard we expected. With over 95% of our work force being Mongolian, we are also pleased to continue the training and upskilling of our local staff.

We anticipate being in a position to communicate initial gas observations and target coal seam thickness from Red Lake-1 early in the new year, which ideally will be coupled with the spudding of the second well in the program, Red Lake-2."



Figure 1: Coal core from Red Lake-1



Figure 2: Preparing coal samples for lab testing

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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 oil basin, (**TT CBM Project**). Jade will operate and manage the project through its subsidiary Methane Gas Resource LLC (**MGR**), a joint venture company (**JV**) 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 TT CBM Project located in the South Gobi region of Mongolia.

Jade's joint venture partner, EM, was awarded a PSA over the TT CBM 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 joint venture agreements, Jade managed, fully funded and operated the fulfillment of the PA requirements during that period. Following approval of the Cabinet of Mongolia in October 2020, the PSA rights and obligations were fully transferred to the joint venture company MGR.

It is the strategy of Jade to seek to develop the 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 also into 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 also into regional areas as well as mitigating the 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;
- Supports capacity for Mongolia's significant future energy demand growth;
- Decarbonizing the economy by improving the energy mix with cleaner fuel sources; and
- Environmental, health and wellbeing benefits for the people and country of Mongolia.



Location of the TT CBM Gas Project in the South Gobi Basin in Mongolia