



Jade Commences First Production Well Program

Highlights

- **Drilling operations commenced on the initial four gas production well program**
- **Program designed to establish gas flow rates leading to commercial gas production and first revenue generation**
- **Jade aims to take advantage of high local gas demand, in particular for Liquefied Natural Gas (LNG) sales to replace diesel consumption in the South Gobi region**
- **Initial four gas production well program to be followed by fully funded twenty gas production wells aimed at generating a significant income stream**

Jade Gas Holdings Limited (ASX:JGH) (**Jade** or the **Company**) is pleased to announce that it has commenced field operations for the initial four gas production well program at the Red Lake Gas Project, which aims to establish commercial gas production in the South Gobi region of Mongolia.

Initial Gas Production Program

Jades' Red Lake gas field development plan is focused on establishing commercial gas production and near term gas sales. The Company has commenced drilling on its initial four production well program that aims to demonstrate commercial gas production and establish gas reserves. The planned four lateral production wells, each to be drilled and completed over a 1km horizontal length, are targeted to be completed and commissioned by the end of 2024.

The production well program will also include a monitoring well (Red Lake 16) with a planned total depth of 420m. This well will be used to monitor:

1. Dynamic parameters during production, (eg pressure and permeability),
2. Interference between wells will provide information for better spacing for future production drilling,
3. Data for reserve calculations and reservoir modeling.

The early gas production drilling program is designed to take advantage of growing customer demand for gas in Mongolia with close customer markets that have an immediate and visible need for gas. Jade has a number of partnerships in place for future gas sales from the TTCBM Project, with HK-Listed Mongolian Mining Corporation (**MMC**) (ASX Announcement 29 February 2024), and UB Metan LLC (**UBM**) (ASX Announcement 8 March 2024). A displacement of diesel continues to remain a priority market, with Liquefied Natural Gas (**LNG**) to play a major role in diesel replacement in the South Gobi region.

Directors



A drilling pad, large enough to drill 4 lateral gas production wells, has been constructed. The first operational phase will now comprise the drilling of the surface hole for the four gas development wells to a depth of about 60m. After completion of the surface holes the drilling rig capable of drilling the lateral wells will immediately move onto the horizontal production section. All four gas production wells will be drilled to a Total Depth of approximately 1,700m measured depth (MD) including a planned 1,000m lateral production component.

Fully Funded Production Wells

Jade recently announced it had signed a non-binding term sheet for a major gas production partnership with China based Yan'an Drilling Wellking Energy Technology Service Company Limited (**DWK**) to develop Jade's Red Lake gas resource (ASX Announcement 15 July 2024). This commercial transaction is subject to the success of the first four gas production wells. The planned twenty production well drilling and completion program will then commence once regulator approval has been received. This gas production well program will see DWK commit to funding the capital required to drill, complete and commission the next 20 production wells at Red Lake.

The Company aims to replicate the success demonstrated by DWK's previous experience with coal bed methane production wells in the Qinshui Basin, China. The successful gas well development at Qinshui has been established over a 20 year period by the drilling of thousands of coal seam gas production wells. DWK's assessment of the Red Lake Gas Project technical parameters and conditional agreement to fund twenty gas production wells provides the Company with confidence that DWK will be able to replicate the Qinshui Basin gas development success at Red Lake.

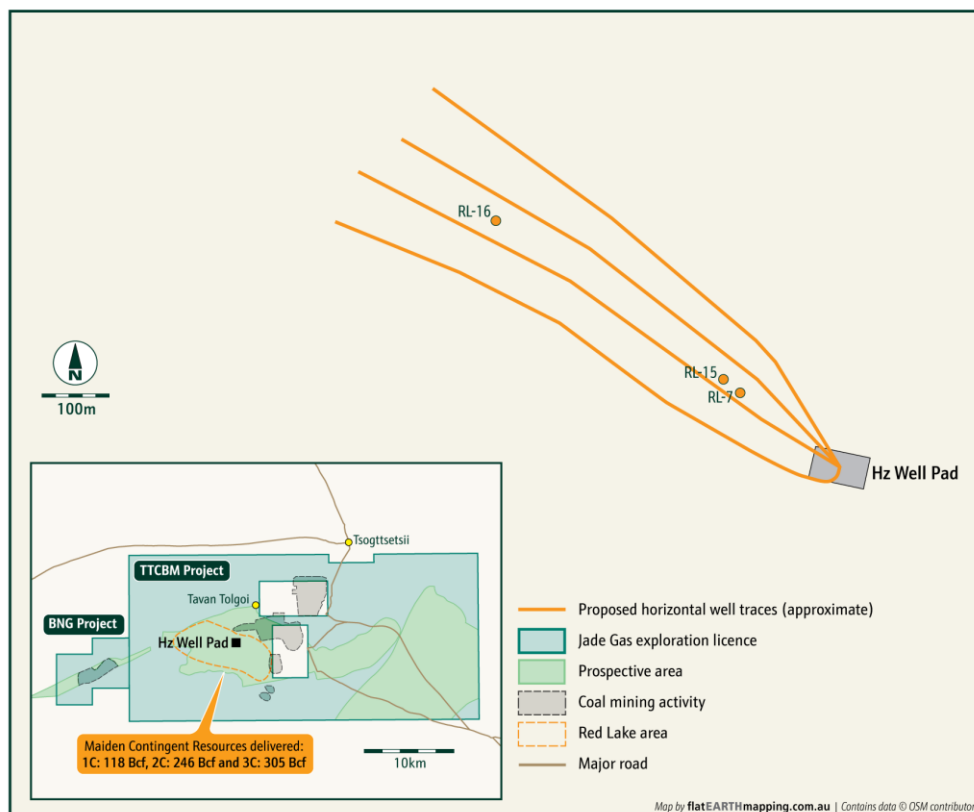


Figure 1 - Hz Well Pad Location at TTCBM



Commenting on the commencement of the production well program, Jade Executive Chairman, Dennis Morton, said:

"The pathway to gas production is now largely dependent of the drilling, completion and establishment of gas production from the four planned gas production wells in Red Lake Gas Field. Establishment of commercial gas production will enable the company to capitalise on the strong gas demand on our doorstep. Jade has a significant opportunity to supply cleaner energy LNG as a diesel replacement in the South Gobi region.

Beyond the initial four gas production wells, the Company is also working on the next twenty production well program as a part of our partnership with DWK in order to accelerate larger scale gas production."

- 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 Bcf¹.

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 18,000km² 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 the 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.



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.

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.