ASX Announcement
19 October 2026

JADE GAS

JADE COMMENCES DRILLING FIRST MULTILATERAL WELL AT RED LAKE

Highlights

- **Jade has commenced drilling a third horizontal production well at Red Lake, within its TTCBM Project in Mongolia**
- **Mongolia's first multilateral well of its kind will test an advanced completion design incorporating five lateral sidetracks**
- **Results will provide valuable technical and operational data to optimise well design and support preparations for the major drilling programme targeted for 2027**
- **Approximately 3,700 metres of drilling planned, including 2,950 metres in-seam, with well completion expected before the end of November**
- **Following recent discussions, Jade and the Chinese-led consortium have advanced negotiations on definitive agreements for the proposed Red Lake Phase 1 development, comprising 175 production wells and consortium funding of 100% of the estimated US$762.5 million (A$1.1 billion) capital expenditure**
- **Both parties are committed to completing the remaining commercial, legal and regulatory matters. The signing timeline has been revised to reflect the complexity of the transaction, with binding financing and development agreements now targeted for November**

Jade Gas Holdings Limited (ASX: JGH) ("**Jade**" or "**the Company**") is pleased to announce that drilling has commenced on its third horizontal production well at the Red Lake coal bed methane (CBM) Project in Mongolia.

The new well will test an advanced multilateral completion design incorporating five lateral sidetracks from the main wellbore. The first of its kind in Mongolia, the well represents an important step in refining well designs and establishing drilling and completion practices for the major development drilling programme targeted for 2027.

The planned well comprises approximately 3,700 metres of total drilling, **including a targeted 2,950 metres of in-seam multilateral drilling**. It will target Seam IIIb, the same coal seam intersected by the two existing producing wells. The targeted in-seam length represents a significant increase over that achieved in either of the previous single-lateral wells.

The multilateral approach is the next logical step at Red Lake given the extensive coal seams. By increasing contact with gas-bearing coal from a single main wellbore, the design has the potential to expand the well's drainage area, improve gas recovery and achieve higher flow rates.

Drilling and completion results, together with subsequent dewatering and gas production performance, will help Jade assess these potential benefits, optimise future well configurations and strengthen operational planning for the scale of activity anticipated in 2027.

Drilling and completion of the well are expected to be finalised before the end of November 2026, subject to operational conditions and drilling outcomes.

Commenting on the commencement of the multilateral well, Jade Gas Executive Director Dr. Ian Wang said:

"Drilling our first multilateral well is a logical next step at Red Lake, where the extensive coal seams offer considerable scope to increase reservoir contact from a single wellbore. Multilateral designs are well established in China's Qinshui Basin, and our aim is to apply this approach to unlock more of Red Lake's gas potential.

With five lateral sidetracks, we expect materially better production performance than our existing single-lateral wells, including higher gas flow rates. This well will test that expectation and provide valuable technical and operational data to optimise well designs and strengthen preparations for the major drilling programme targeted for 2027."

Red Lake financing and development update

Following recent productive discussions with representatives of the Chinese-led consortium, Jade has made significant progress in negotiations towards definitive financing and development agreements for Phase 1 of the Red Lake CBM Project.

The proposed Phase 1 development comprises 175 production wells, with estimated capital expenditure of US$762.5 million (A$1.1 billion). Under the proposed arrangements, the consortium would fund 100% of Phase 1 capital expenditure, providing a pathway towards the large-scale development and commercialisation of Red Lake (refer ASX release dated 20 July 2026).

The discussions advanced several important aspects of the proposed arrangements, including the allocation of project responsibilities, cost-recovery mechanisms and the financing structure. The parties now have a clearer understanding of the remaining requirements around funding commitments, timing and associated safeguards.

The proposed contractual arrangements will preserve the legal authority and accountability of the Company's subsidiary, Methane Gas Resource LLC (MGR), as the holder of the Production Sharing Agreement (PSA), while providing for the consortium to undertake the agreed development activities under the definitive agreements.

Jade is pleased with the continued progress of discussions, with both parties maintaining a strong commitment to finalising the definitive agreements. The anticipated signing timeline has been adjusted slightly to accommodate the complexity and scale of the proposed transaction.

Updated draft agreements are expected shortly, with both parties focused on completing the remaining commercial, legal and regulatory matters and working towards execution of binding financing and development agreements during November.

The proposed transaction remains subject to finalisation of definitive documentation and the satisfaction of relevant approvals and other agreed conditions.

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Commenting on the financing and development update, Jade Gas Executive Director Joe Burke said:

"Finalising a comprehensive financing and development framework has taken longer than anticipated. However, recent meetings have progressed the key terms, and we now have a clearer pathway towards completion.

Both parties remain committed to finalising the arrangements, and we are confident that binding agreements can be executed during November, positioning the project to commence development drilling in 2027.

At a time of heightened geopolitical uncertainty, our collaboration with key Chinese partners reflects a shared commitment to unlocking Red Lake's substantial gas potential and advancing a significant new source of energy supply for Mongolia."

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Authorised for release by the Board of Jade Gas Holdings Ltd.

For further information contact:

Joe Burke	Aaron Bertolatti	Gigi Penna
Executive Director	Company Secretary	Investor Relations
jburke@jadegas.com.au	abertolatti@jadegas.com.au	gigi@calderahouse.com.au

Forward Looking Statements

This announcement contains forward-looking statements concerning Jade. Forward-looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "target", "forecast", "project", "potential", "continue", "should", "seek", and similar expressions. These statements are based on information available to the Company as at the date of this announcement and on assumptions and expectations that the Company considers to be reasonable as at that date. Forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Actual results, performance or achievements may differ materially from those expressed or implied by the forward-looking statements. Investors should not place undue reliance on forward-looking statements. Except as required by the ASX Listing Rules, the *Corporations Act 2001* (Cth) and applicable law, Jade does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

About Jade Gas Holdings Ltd

Jade Gas Holdings Limited is a gas developer focused on the coal bed methane (CBM) potential of Mongolia, having transitioned from explorer to developer following the formal approval of Mongolia's first-ever natural gas reserves in June 2026. 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 operates and manages the project through its subsidiary Methane Gas Resource LLC (MGR), a joint venture (JV) company with the Mongolian Government.

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.

Jade's strategy is to develop 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.

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.