



DECEMBER 2023 QUARTERLY REPORT AND APPENDIX 5B

- Jade completed its 2023 Program with success across wide areas of the TTCBM Project
- Significant results during the quarter continued to highlight the massive potential for commercial scale gas production with gassy intersections including;
 - 104.6m of gassy coal intersected (BNG-3);
 - 35.52m of gassy coal intersected (Vista-3);
 - 38.90m of gassy coal intersected (Vista-4);
 - 46.28m of gassy coal intersected (Vista-5); and
 - 27.15m of gassy coal intersected (Brownhill-3).
- Key deliverables identified for CY2024 to maximise resource value into huge unmet gas needs on Jade's doorstep:
 - Assess new priority targets at Baruun Naran, Red Lake, Vista, and Brownhill basin areas to extend existing resources further to the east and west;
 - Pilot Production Program drilling rescheduled to Q1 CY2024 to avoid well site activities in the extreme winter and minimise operational cost and risk;
 - Drilling commenced to expedite appraisal of Baruun Naran area (BNG Project), adjacent to the TTCBM Project, to accelerate the path to securing a Production Sharing Agreement (PSA); and
 - Continue assessing partner options for 18,000km² Eastern Gobi and Shivee Gobi permits.
- Focus remains on commercialising the Company's gas fields which span over 40km and which currently has a 246 Bcf¹ unrisked Gross 2C Contingent Resource with larger upside potential
- A\$11M Financing secured with Jade strategic shareholder, UB Metan LLC (UBM), via the issue of unsecured convertible notes at a 22% premium

Jade Gas Holdings Limited (ASX:JGH, **Jade** or the **Company**) provides its December 2023 quarterly activities report for its coal bed methane gas project at the Tavantolgoi basin in Mongolia (**TTCBM Project**), in the South Gobi region 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

Directors

CY2023 Program

Following Jade's \$11m capital raise during the quarter with strategic shareholder, UB Metan LLC (UBM) (refer ASX Announcement 2 November 2023), the Company announced that it had completed its 2023 Program successfully with continued delineation of the gas bearing coal seams across wide areas of the TTCBM Project. The Company is preparing for pilot production operations in the Red Lake area and also assessing the coal basin further to the east. A number of key-deliverables were identified which are designed to demonstrate larger potential, maximise resource value among Jade's projects, and ultimately produce gas economically with commercial scale to service the huge, and currently unmet, gas fired energy requirement of over 500MW on Jade's doorstep.

• **Exploration**

With the success of the CY2023 campaign at TTCBM, Jade has collected the essential technical data to identify and prioritise further appraisal and testing of high-graded targets in the area during the current calendar year. Results from the Vista and Brownhill exploration drilling campaigns include the following wells with gassy intersections;

- 35.52m of gassy coal intersected (Vista-3);
- 38.90m of gassy coal intersected (Vista-4);
- 46.28m of gassy coal intersected (Vista-5); and
- 27.15m of gassy coal intersected (Brownhill-3).

The Company is focused on further developing the existing gas fields and extended coal gas accumulations encountered over a distance of 40km. The Company is looking to assess priority targets at Red Lake, Vista, Brownhill and Baruun Naran areas and prove up gas resources further east and west of the current Red Lake, 246 Bcf¹ unrisked Gross 2C Contingent Resource. It is expected that a small seismic program in the new year will enhance the ongoing assessment, particularly after good results were achieved from the 2023 seismic program.

• **Baruun Naran**

Jade holds a Prospecting Agreement Permit over the Baruun Naran coal field (**BNG Project**) with joint-venture partner Khangad Exploration LLC (**Khangad**), a subsidiary of Mongolia Mining Corporation (**MMC**), a public company listed on the Hong Kong Stock Exchange. The Baruun Naran coal field is located immediately adjacent and west of Jade's TTCBM Project. The BNG permit has an active coal mine within it, along with substantial data gathered from historic coal mine drilling.

Jade recorded its second largest intersection with 104.6 metres of gas bearing coal recovered from BNG-3, reaching a total depth of 849.8 metres with multiple gassy coal seams intersected including the last seam which was 28.5 metres thick. The coals are currently undergoing desorption testing.

The first two wells at Baruun Naran recovered 35 metres of gassy coal (BNG-1) (refer ASX Release 8 November 2022), and 26 metres of gassy coal (BNG-2) (refer ASX Release 13 December 2022).

Jade has identified Baruun Naran as a critical area for expedited drilling as a part of its proposed CY2024 plans. This result will be used for the conversion of 2U Prospective Resources to 2C Contingent Resources in the BNG permit, and to support an accelerated path to securing a Production Sharing Agreement (**PSA**) in 2024.

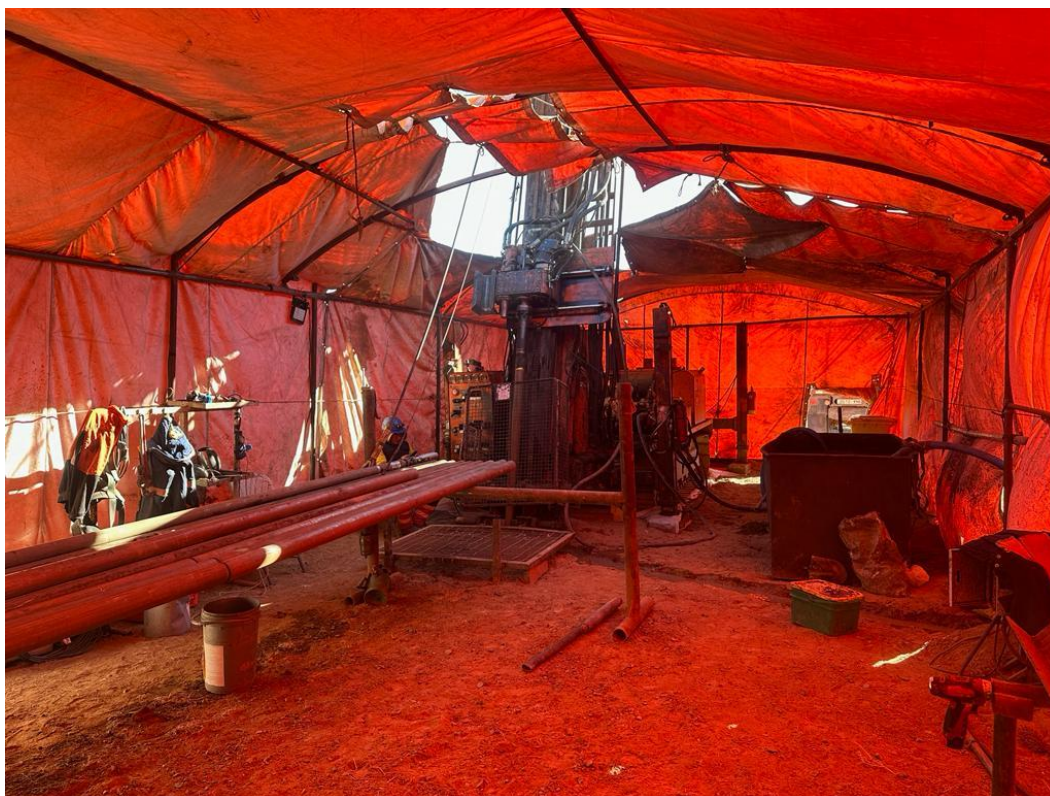


Figure 1 – Drilling commences at BNG Project under its winterised environment

- **Pilot Production Program**

Due to a combination of factors, Jade made the decision to re-schedule drilling the first horizontal well at the TTCBM Project. Despite best intentions from all parties, logistics and other issues, a number of service providers were unable to deliver and/or prepare equipment ready for use in line with the original schedule.

This time delay pushed Company operations into the extreme cold temperatures that will be experienced in the South Gobi over the next few months. Whilst originally the first well was forecast to spud in November 2023 and drilling into mid-December, a new date had to be set after extreme cold temperatures heighten operational risk and in turn the slight delay will provide the best chance of success for commercial gas production. The rescheduling will allow time for further refinement and interpretation of the recently completed Red Lake 2D seismic program to better assist well planning and drilling operations now set for Q1 CY2024.

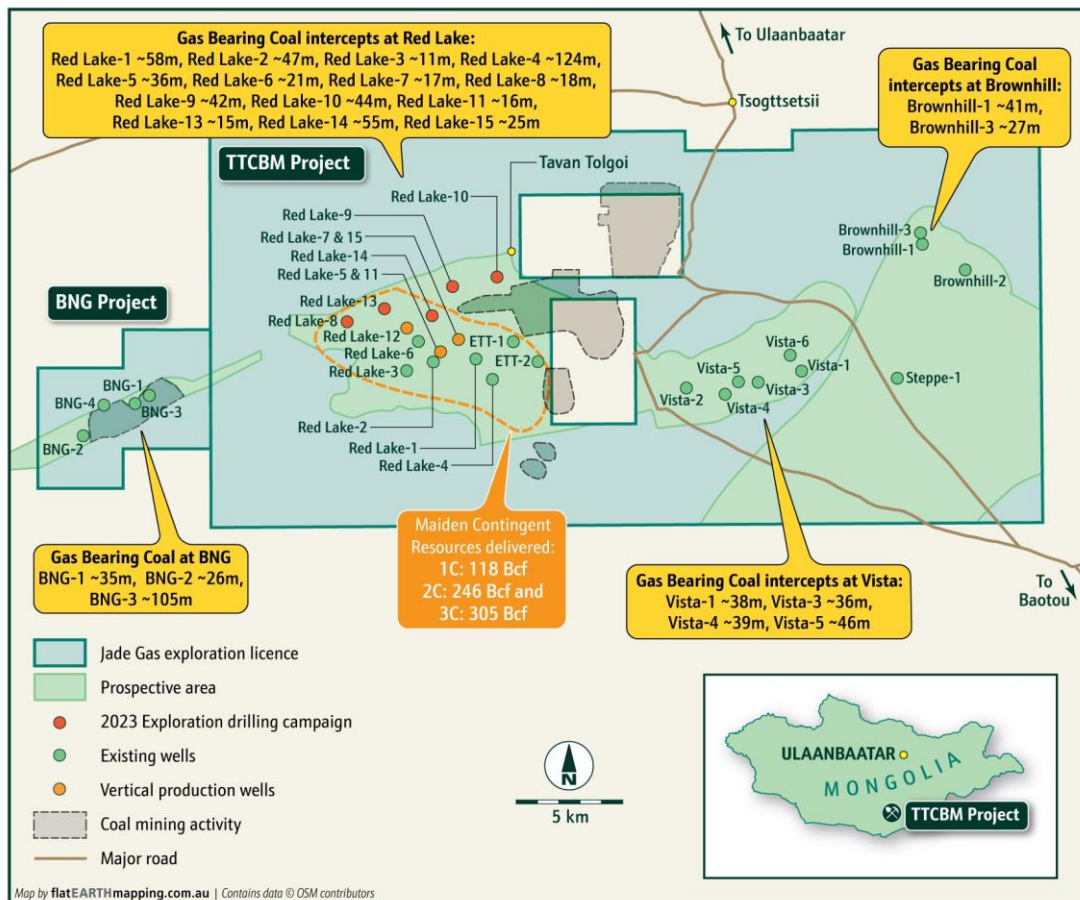


Figure 2 – Wells drilled at TTCBM and BNG Projects.

• Eastern Gobi and Shivee Gobi permits

As a part of its CY2024 plans, Jade is focused on the two 100% owned highly prospective and sizeable coal bed methane Prospecting Agreement permits, Shivee Gobi and Eastern Gobi, covering a total area of 18,000km², located to the north and east of the TTCBM Project and with an estimated gross unrisks 2U Prospective Resource of 5.4 Tcf² (refer ASX Announcement 28 April 2022). Since acquiring the permits (refer ASX Announcement 8 February 2022), the Company has received growing interest from potential partners for collaboration. During 2023, Jade held a number of discussions and intends to continue assessing partner options for the Eastern Gobi and Shivee Gobi permits.

• Strategic Partnership with UB Metan LLC

UBM is Mongolia's largest importer and distributor of natural gas, and largest shareholder of Jade Gas. UBM has been a key partner of Jade since its inception, supporting the Company in both financial and operational activities. The strength of the partnership is demonstrated by the recent announcement of \$11 million investment by UBM in Jade (refer ASX Announcement 2 November 2023).

² Refer ASX Release dated 28 April 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.

UBM recognise the essential requirement for natural gas during the transition to greener energy supplies in Mongolia. Jade continues commercial negotiations with its strategic shareholder UBM, with the ultimate aim to fast track delivery of gas to customers.

Corporate

▪ A\$11M Financing Secured

Jade announced the execution of a convertible note deed with one of its largest shareholders, UB Metan LLC (**UBM**) to raise a total of A\$11 million (the **Notes**).

The Notes will be unsecured, subject to shareholder approval and will be convertible in full at the election of UBM or Jade at a conversion price of A\$0.045 per Note. The conversion price represented a 22% premium to Jade's closing share price on 31 October 2023. The Notes have a maturity date of 12 months from the date of the full subscription amount being transferred and are subject to an interest rate of 10% per annum. Interest accrued on the Notes will be capitalised and satisfied through the issue of Jade shares on conversion of the Notes. Accordingly, the exact number of shares to be issued on conversion will depend on the amount of interest accrued prior to conversion of the Notes. The subscription funds will be advanced by UBM to the Company in accordance with a payment schedule defined in the financing agreement which requires the final tranche to be paid by 30 April 2024.

Under the financing agreement, the Company agreed to continue to negotiate in good faith to expand, either by way of joint venture or gas supply agreement, its cooperation with UBM established under the Memorandum of Understanding (**MOU**) in April 2022 (refer ASX Release dated 19 April 2022). Under the MOU, the parties aim to collaborate effectively on the timely and efficient commercialisation of the TTCBM Project. Recent progress under the MOU has seen the two parties investigating the potential to enter a formal joint venture arrangement to facilitate sales of coal seam gas from the TTCBM Project. The Company will keep the market informed in accordance with its continuous disclosure obligations.

Jade intends to use the funds received from the convertible note financing to advance the Company's portfolio of coal seam gas projects. Primarily for Mongolia's first horizontal drilling campaign at the Company's flagship project at the Tavantolgoi basin in Mongolia (**TTCBM Project**), advancement of the appraisal at the BNG Project (a joint venture with Mongolian Mining Corporation Limited) adjacent to the TTCBM Project, continued assessment of the Shivee Gobi and Eastern Gobi coal seam gas appraisal projects, and general working capital.

▪ Key Board Appointment Finalised

Mrs Uyanga Munkhkhuyag was appointed as Non-Executive Director (**NED**), effective 10 October 2023 following the announcement made relating to board enhancements on 28 June 2023. Mrs Munkhkhuyag has over 10 years' experience in project development and management, specializing in infrastructure projects in the energy, logistics, gas and oil sector in Mongolia. She previously held positions of project coordinator, consultant and project director for several projects representing the project owners with overall management responsibility from development to commission. Mrs Munkhkhuyag is currently project director at Jade's strategic partner, UB Metan LLC, undertaking roles to develop downstream facilities in the natural gas sector of Mongolia, including the construction of fuelling stations and a storage terminal, and establishing a new market to expand the end-users of natural gas.

Jade also advised that Justin Green resigned from the role of Company Secretary with the gratitude of the board for his contribution to the Company. Aaron Bertolatti was appointed as Company Secretary.

Related Party Payments

In line with its obligations under ASX Listing Rule 5.3.5, the Company confirms the payments to related parties of the Company as per item 6.1 of the attached Appendix 5B was \$25k for the period ended 31 December 2023. These payments are for Directors fees, salary and superannuation

Financial

Cash at bank as at 31 December 2023 was A\$2.13 million. Exploration & evaluation expenditure for the quarter was A\$1.69 million and related to the pilot production program.

Schedule of Tenements – Mongolia

Licence Number	Project	Country	Licence Type	Jade Gas Holdings Interest
628	TTCBM	Mongolia	Exploration	60% via subsidiary Methane Gas Resource LLC
	Shivee Gobi	Mongolia	Prospecting Agreement	100% via subsidiary Jade Gas Mongolia FLLC
	Eastern Gobi	Mongolia	Prospecting Agreement	100% via subsidiary Jade Gas Mongolia FLLC
	BNG	Mongolia	Prospecting Agreement	66% via subsidiary Baruun Naran Gas LLC

Mining Tenements disposed: Nil

Beneficial percentage interests held in farm-in or farm-out agreements: Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: Nil

- ENDS -

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

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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 Bcf³.



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 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.

³ 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.



JADE GAS

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.



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

JADE GAS HOLDINGS LIMITED

ABN

55 062 879 583

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(237)	(1,907)
	(e) administration and corporate costs	(246)	(1,455)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	81
1.5	Interest and other costs of finance paid	-	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	11	183
1.9	Net cash from / (used in) operating activities	(465)	(3,102)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(171)	(548)
	(d) exploration & evaluation	(1,694)	(9,408)
	(e) investments	-	-
	(f) other non-current assets	-	-



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(1,865)	(9,956)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,718
3.2	Proceeds from issue of convertible debt securities	1,609	1,609
3.3	Proceeds from exercise of options	-	36
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(149)
3.5	Proceeds from borrowings	-	4
3.6	Repayment of borrowings	-	(244)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	1,609	11,974

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,968	3,240
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(465)	(3,102)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,865)	(9,956)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,609	11,974



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(120)	(29)
4.6	Cash and cash equivalents at end of period	2,127	2,127

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,127	2,968
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,127	2,968

(f)

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	25
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		



7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other		
	Convertible note facility	11,000	1,609
7.4	Total financing facilities	11,000	1,609
7.5	Unused financing facilities available at quarter end		9,391
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	Convertible note facility with UB Metan LLC for \$11,000,000. The Notes are unsecured, incur interest at 10% per annum, convert at \$0.045 and have a maturity date of 12 months from the date the funds are received in full. Refer to ASX announcement dated 2 November 2023.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(465)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,694)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,159)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,127
8.5	Unused finance facilities available at quarter end (item 7.5)	9,391
8.6	Total available funding (item 8.4 + item 8.5)	11,518
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.3
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	N/A	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	



Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **30 January 2024**

Authorised by: **By Authority of the Board**
(Name of body or officer authorising release – see note 4)

(g) Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.