



DECEMBER 2021 QUARTERLY REPORT

HIGHLIGHTS

TTCBM Project

- Six well drilling program commenced at flagship TTCBM Project
- Red Lake-1 spudded, targeting gas bearing coals between 700-900 metres
- Gas observed coming off core

Subsequent Events

- 1,012 metres total depth reached at Red Lake-1
- All targeted coal seams of interest intersected
- 58 metres of gas bearing coal core recovered
- Testing underway to confirm gas content and permeability
- Second drilling contractor engaged

Corporate

- Chris Jamieson appointed Chief Executive Officer (CEO)
- Dennis Morton appointed Non-Executive Chairman

TTCBM Project

The first well in a six well program, Red Lake-1, was spudded on 28 November 2021. The well is located at Jade Gas Holding Ltd's (**Jade** or the **Company**) flagship Coal Bed Methane gas project, over the Production Sharing Agreement (**PSA**) area of Tavantolgoi XXXIII unconventional oil basin, in the South Gobi Basin in Mongolia (**TTCBM Project**).

Red Lake-1 targeted natural gas from three key coal seams – IV, III and 0 – at depths of between 700 to 900 metres. Multiple coal seams were intersected while drilling, with the first targeted coal seam of interest, seam IV, intersected at 728 metres. Visible gas was observed coming off the core recovered from the well, with a complete evaluation program for Red Lake-1 to be completed over the coming months.

This evaluation program will consist of gas desorption, to assess gas content, permeability testing, to identify the ease with which fluids flow through the coals, and isotherm analysis, to assess gas saturation. The isotherm analysis will require specialist laboratory testing and as a result is expected to be completed early in the second quarter of 2022 (**Q2 CY22**).

Subsequent Events

Red Lake-1 reached total depth at 1,012 metres, with all the three coal seams of interest intersected and cored between 730 metres and 970 metres. The extensive coring program delivered a total of 145 metres of coal, 58 metres of which was gas bearing.

Jade recently engaged a second drilling contractor to expedite the six well program, with the new contractor to drill two wells in parallel with the current drilling services provider.

Jade Gas Holdings Ltd

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ASX: JGH

Australian Registered Address

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Directors

Joseph Burke	Executive Director
Daniel Eddington	Non-Executive Director
Dennis Morton	Non-Executive Director
Brad Drabsch	Non-Executive Director

Corporate

The Company welcomed the appointment of Chris Jamieson as CEO and Dennis Morton as Non-Executive Chairman.

Chris commenced in December and brings experience across a broad range of business functions, including external relations and corporate finance at an executive level. Chris previously held senior roles at resources companies Beach Energy Ltd and Normandy Mining Ltd along with Ernst & Young in Adelaide, London and San Francisco.

Dennis is a geologist that brings a wealth of experience in the management of oil and gas companies. Dennis currently serves as a Managing Director of ASX listed oil & gas exploration company Gas2Grid, and was previously a founder, CEO and Managing Director of Eastern Star Gas, which started as a \$10 million microcap and was eventually acquired by Santos in late 2011 for around \$1 billion.

In accordance with ASX Listing Rule 3.16.1, Adrien Wing will resign from the role of Company Secretary as of 31 January 2022 with the gratitude of the board for his contribution to the Company. The Company hereby announces the appointment of Justin Green as Company Secretary, effective 1 February 2022.

Justin is a member of Chartered Accountants Australia and New Zealand and recently commenced as the Financial Controller for Jade. Justin brings experience from numerous industries spanning FMCG, retail, agriculture and mining services in both ASX listed and large private companies. The Company confirms that Justin is responsible for communications between the Company and the ASX in accordance with ASX Listing Rule 12.6.

Further to this, the Company announces that in accordance with ASX Listing Rule 3.14, effective 1 February 2022 its registered office address will be:

Level 1, 66 Rundle St, Kent Town SA 5067

Phone: +61 437 603 294

Fax: +61 3 9614 0550

Austrian Gold and Cobalt Projects

The Company continues to pursue divestment options relating to these projects.

Statement of Commitments

A summary of expenditure to date against the Statement of Commitments, from the Prospectus dated 14 July 2021, is outlined below:

	Project expenditure to date as of 31 December 2021 (\$'000)	Expenditure described in Use of Funds in the Prospectus (\$'000)
Cost of the offer	653	650
Project evaluation	53	122
Commercial studies	-	331
Exploration and appraisal activities ¹	1,999	4,327
Administration and working capital ²	504	2,070
Total	3,209	7,500

Note: The above table is a statement of current intentions and the allocation of funds set out in the above table may change. As such, the Board reserves the right to alter the allocation of funds within the various categories.

1. Includes costs relating to the establishment of camp, payments for contracted services for the six well drilling program and securing of long lead items. As a result of these upfront costs, it is anticipated that future quarter expenditure will be significantly lower.
2. Includes upfront payments of annual statutory and insurance fees as well as the settlement of an existing tax liability.



Related Party Payments

In line with its obligations under ASX Listing Rule 5.3.5, the Company confirms that the only payments to related parties of the Company, as advised in the Appendix 5B for the period ended 31 December 2021, pertain to payments to directors for fees, salary and superannuation.

Cash at Bank

Cash at bank at the end of Q4 2021 was A\$4.373 million.

- ENDS -

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

For further information contact:

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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, (**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 joint venture 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 joint venture 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 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.

Appendix 1: 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

Appendix 2: Schedule of Tenements – Austria

Tenement / Freischurfe	Project	Country	Licence Type	Jade Gas Holdings Interest
01/18/SN – 54/18/SN 02/05/S – 37/S 15/05/K – 135/05/K	Schellgaden	Austria	Exploration	100%
38/17/S – 67/17/S	Schwarzleo	Austria	Exploration	100%
68/17/S – 76/17/S	Seekar	Austria	Exploration	100%
77/17/S – 78/17/S	Zinkwand	Austria	Exploration	100%
01/GR/18 – 81/GR/18 01/17/T – 37/17/T	Gratlspitz	Austria	Exploration	100%
LE/01 – LE/33	Leogang East	Austria	Exploration	100%
136/05/K – 179/05/K	Kreuzeck West/Carinthia	Austria	Exploration	100%
180/05/K – 221/05/K	Kreuzeck East/Carinthia	Austria	Exploration	100%
222/05/K – 278/05/K	Goldeck – Sifflitz / Carinthia	Austria	Exploration	100%

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 2021

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 (if expensed)	-	(77)
(b) development	-	-
(c) production	-	-
(d) staff costs*	(157)	(157)
(e) administration and corporate costs*	(1,005)	(1,301)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid*	(91)	(91)
1.7 Government grants and tax incentives	-	-
1.8 Other – BAS Refund	15	15
1.9 Net cash from / (used in) operating activities	(1,226)	(1,595)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(252)	(252)
(d) exploration & evaluation*	(1,553)	(1,553)
(e) investments	-	-
(f) other non-current assets	-	-

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

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 -		
	Cash on the acquisition of subsidiary	-	90
2.6	Net cash from / (used in) investing activities	(1,805)	(1,715)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings*	594	854
3.6	Repayment of borrowings	(754)	(754)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(160)	7,600

* \$594k of short-term director loans were provided in the last quarter in addition to the \$160k disclosed in the September 5B report. These amounts were received and utilised within Jade Gas Pty Ltd prior to completion of the High Grade Metals' acquisition and the subsequent receipt of funds from the capital raise to ensure the TTCBM Project proceeded uninterrupted. As a result, the current quarter figures include \$382k of exploration & evaluation costs, \$73k of income taxes, \$71k of administration and corporate costs and \$68k of staff costs, which were all paid in the quarter ending 30 September 2021.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,564	83
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,226)	(1,595)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,805)	(1,715)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(160)	7,600
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,373	4,373

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	4,373	7,564
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)	4,373	7,564

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	161
6.2	Aggregate amount of payments to related parties and their associates included in item 2	90

**Current quarter
\$A'000**

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

\$251k of directors' fees were paid during the period of which \$90k has been capitalised as exploration expenses for work involved in the acquisition of the TT CBM licence.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other - Directors' Loan	310	310
7.4 Total financing facilities	310	310

7.5 **Unused financing facilities available at quarter end** -

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.

The table above includes \$210k of related party loans in Jade Gas Pty Ltd that were not disclosed in the same table last quarter. These were loans held on the balance sheet of Jade Gas Pty Ltd at acquisition.

The \$310k of director loans are interest free and expire on 30/06/2023.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,226)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(1,553)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,779)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	4,373
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	4,373
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.57

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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?

Answer: No, 1.2 (e) administration and corporate costs includes \$653k of one-off costs relating to the reverse takeover of Jade Gas Pty Ltd as set out in the use of proceeds in the company prospectus. Along with this, significant upfront costs were required for activities such as establishing camp to commence drilling, engaging drilling contractors and securing items with long lead times. Quarterly expenditure requirements are expected to reduce in future quarters in line with amounts set out in the prospectus.

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?

Answer: No.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the company expects to be able to deliver the proposed activities in line with the total use of proceeds table presented in section 12.7 of the company prospectus. Given the initial results at Red Lake-1, it is expected that some expenditure initially scheduled for year 2 in the use of funds table will be brought forward into the first year of the project.

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.

31 January 2022

Date:

By authority of the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

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.