



JADE GAS HOLDINGS LTD

ACN 062 879 583

HALF-YEAR REPORT

30 JUNE 2022



CORPORATE DIRECTORY

Board of Directors

Mr Dennis Morton - Non-Executive Chairman
Mr Chris Jamieson - Managing Director and CEO
Mr Joseph Burke - Executive Director
Mr Daniel Eddington - Non-Exectuive Director
Mr Peter Lansom - Non-Executive Director

Company Secretary

Mr Justin Green

Principal and Registered Office

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Auditors

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Stock Exchange Listing

Australian Securities Exchange
Share Code: JGH (previously: HGM)

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DIRECTORS’ REPORT

The Directors of Jade Gas Holdings Limited (“the Company”, or “Jade”, previously High Grade Metals Limited) submit their report, together with the financial report of Jade Gas Holdings Limited and its controlled entities (“the Group”) for the six-month period ended 30 June 2022.

Directors

The names of the Company’s directors in office during the financial period and until the date of this report are detailed below. Directors were in office for the entire period unless otherwise stated.

Director	Position	Appointed	Elected /re-elected	Resigned
Mr Dennis Morton	Non-Executive Chairman	14 December 2021	30 June 2021	
Mr Chris Jamieson	Managing Director & CEO	20 April 2022	31 May 2022	
Mr Joseph Burke	Executive Director	23 September 2021	30 June 2021	
Mr Daniel Eddington	Non-Executive Director	23 September 2021	30 June 2021	
Mr Peter Lansom	Non-Executive Director	1 February 2022	31 May 2022	
Mr Bradley Drabsch	Executive Director	8 October 2018	29 May 2019	31 January 2022

The office of Company Secretary was previously held by Mr Adrien Wing who resigned from the position on 31 January 2022. As of 1 February 2022, the office of Company Secretary is now held by Mr Justin Green, whom is also the Financial Controller of the Company.

Principal Activity

The principal activity of the Company during the financial period was Mongolian coal bed methane (CBM) exploration and appraisal activities, accessed through the reverse takeover of the Jade Gas Proprietary Limited (JGPL) group on 22 September 2021.

Dividends

No dividends were paid or proposed during the half-year ended 30 June 2022.

OPERATIONS REVIEW

Operating Results

The Group recorded a net after-tax loss from operations of \$2,189,309 (June 2021: \$373,485). The loss is higher than prior year due to expansion of the Tavantolgoi CBM (TTCBM) Project following the reverse takeover of listed entity High Grade Metals and concurrent equity offer of A\$7.5 million, which is outlined in the Jade acquisition prospectus released to the ASX on 14 July 2021, as well as the A\$6.7million capital raising (announced to the ASX on 28 April 2022).

At 30 June 2022 the Group held cash and cash equivalents totalling \$6,560,172 (December 2021: \$4,372,561).

Tavantolgoi CBM Project

Jade has a 60% legal and beneficial interest in the joint venture (JV) company Methane Gas Resource LLC (MGR) which holds a production sharing agreement (PSA) with the Mineral Resources and Petroleum Authority of Mongolia (MRPAM) providing the rights to explore and exploit CBM over the area of the Tavantolgoi coal field. This is covered by ore exploration licence 628 over the total permit area of 665km². The PSA was originally awarded to government owned JV partner Erdennes Methane LLC (EM) and transferred to MGR under the JV agreement on 14 October 2020. The PSA allows for up to 10 years of exploration and a further 30 years of CBM exploration.

Under Jade’s Investment Agreement with EM, Jade will solely fund the TTCBM Project to the completion of a definitive feasibility study (DFS), at which time both parties will fund the TTCBM Project on a pro-rata basis, subject to certain conditions.

The JV commenced its six well drilling program, spudding its first well Red Lake-1 on 28 November 2021, and noted visible gas coming from 58 metres of gas bearing coal from a total of 145 metres of total coal core recovered. Following these strong results, Jade engaged a second drilling contractor to expedite the drilling program.

The program continued to intersect sizeable gas bearing coal deposits, most notably 124 metres of gas bearing coals recovered from Red Lake-4. On average the wells in this program have averaged 60 metres of gas bearing coal.

The finalisation of gas content analysis from Red Lake-1 returned exceptional results, averaging between 11-18m³ per tonne (dry ash-free basis) and gas composition analysis showing 92% methane from seam IV and 98% methane from seam III. These levels are consistent or better than many commercial CBM fields around the world, including those in the Bowen and Surat basins in Queensland.



Following the strong foundation laid by these results, RISC Advisory has undertaken an audit of the Contingent Resource Booking prepared by Jade for the Red Lake area. The Contingent Resource assessment will provide an estimation of the potential recoverable gas from the Red Lake area based on the information generated from the TTCBM Project drilling to date.



Shivee Gobi and Eastern Gobi Projects

On 9 February 2022, the Company announced it had secured 100% of two highly prospective permits covering an area of 18,008km². These permits fall under a three year PA and have existing coal mines and coal deposits within them. Jade released the independent assessment of Gross Unrisked Prospective Resources, performed by RISC Advisory, of 1U (Low) 1.0 Tcf, 2U (Best) 5.4 Tcf and 3U (High) 24.4 Tcf for the Shivee Gobi and Eastern Gobi permits on 28 April 2022 (refer table overpage). Jade has negotiated minimal expenditure commitments for both permits and has allocated A\$0.3 million to each project from its most recent capital raising for initial desktop and exploration work.

Permit	Field/Area	Gross Unrisked Prospective Resources (Bcf)		
		1U (Low)	2U (Best)	3U (High)
Shivee Gobi	Cretaceous Brown	300	1,500	4,700
	Jurassic 'hard'	200	500	1,300
Eastern Gobi		450	3,400	18,400
Arithmetic Summation		950	5,400	24,400

Cautionary Statement: The estimated quantities of gas that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.

Notes to the table:

- 1. Probabilistic methods have been used.
- 2. The totals are derived by arithmetic aggregation of the resources, as a result RISC cautions that the Low Estimate aggregate quantities may be very conservative estimates and the High Estimate aggregate quantities may be very optimistic due to portfolio effects.
- 3. No correction for potential inert content such as N₂ or CO₂ has been applied.
- 4. Resource estimates rounded to 50 Bcf.

Austrian Gold and Cobalt Projects

The Company has divested its Austrian exploration licences to Richmond Minerals Limited and is currently progressing with the wind up of it's Austrian subsidiary entities.

CORPORATE UPDATE

Board Changes

During the period Mr Bradley Drabsch resigned as Non-Executive Director, effective 31 January 2022, and Mr Peter Lansom was appointed as Non-Executive Director on 1 February 2022. Additionally, Mr Chris Jamieson was appointed as Managing Director, effective 20 April 2022, in addition to his existing role as Chief Executive Officer (CEO), and Mr Justin Green assumed the role of Company Secretary from Mr Adrien Wing on 1 February 2022.

Annual General Meeting (AGM)

The AGM was held on Tuesday 31 May 2022, with all resolutions approved by shareholders.

Capital Raising

On 28 April 2022 the Company announced the successful completion of a \$6,656,000 capital raising via the placement of 128,000,000 shares to institutional and sophisticated investors at an issue price of \$0.052 per share. The transaction was completed in two tranches, with 125,000,000 shares issued on 5 May 2022 and the remaining 3,000,000 shares issued to Director Joseph Burke on 3 June 2022, following shareholder approval at the AGM held on 31 May 2022.

Memorandum of Understanding with UB Metan LLC

On 4 April 2022, the Company signed a non-binding gas offtake memorandum of understanding (MOU) for potential gas sales to Mongolia's largest liquified natural gas (LNG) distributor and existing Jade shareholder, UB Metan LLC (UBM). The MOU stipulates that UBM will have a non-exclusive option for gas supply from initial production from Jade's TTCBM Project, with the parties to work towards a binding long-term gas sales agreement on commercial terms.

The MOU sets the foundation for UBM to become an integrated partner, which could include the potential provision of necessary infrastructure to support on-site compression of natural gas and transportation to Ulaanbaatar, nearby towns and mining sites.

Subsequent Events

Subsequent to the end of the period, the Company announced on 8 August 2022 the expansion of its drilling program at the TTCBM Project with an additional well in the Red Lake area, Red Lake-7, which will be used in the extended production testing phase, which will support the assessment of commercial development options.

On 19 August 2022, the Company announced the finalisation of a Prospecting Agreement with Khangad Exploration LLC, under which wholly-owned Jade subsidiary Jade Gas Mongolia LLC must solely fund the BNG project to the completion of a DFS. Subject to the outcome of the DFS, the parties will mutually agree to the further development of the BNG project, which will include funding obligations of each party. The project is also located in South Gobi, and is adjacent to the TTCBM Project. Jade has agreed to a modest financial commitment of US\$160k over three years, which includes the drilling of a minimum of two core holes within the first two years.

On 23 August 2022, the Company announced the delivery of its maiden unrisks Gross Contingent Resources estimate for the TTCBM Project of 1C of 118 Billion cubic feet (Bcf) 2C of 246 Bcf and 3C of 305 Bcf - the largest Contingent Resources for coal bed methane in Mongolia to date. Full details on the Contingent Resources estimate can be found in note 18 in the notes to the financial statements.

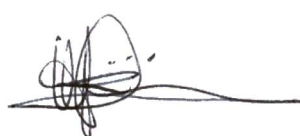
On 1 September 2022 the Company announced total depth of 810.5 metres had been reached at Vista-1, the first of three exploration wells to be drilled approximately 25 kilometres to the east of the Red Lake area, intersecting 38.25 metres of gassy coal.

On 7 September 2022 The Company announced a collaboration initiative with Erdenes Tavantolgoi JSC (ETT), the licence holder of the Tavan Tolgoi coal mine, adjacent to the Company's TTCBM Project. In line with the Cooperation Agreement ETT and MGR will undertake a collaboration initiative designed to understand the gas characteristics of the Tavan Tolgoi coal field leading to improved safety and environment credentials. This collaboration is expected to provide the Company with additional data on targeted coal seams of interest within and outside its permitted areas in shallower areas.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO, to provide the Directors of the Company with an Independence Declaration. The Lead Auditor's Independence Declaration is included on page 9.

Signed in accordance with a resolution of Directors made pursuant to s.306 of the Corporations Act 2001.



Chris Jamieson
Managing Director and CEO
13 September 2022

DECLARATION OF INDEPENDENCE

BY G K EDWARDS

TO THE DIRECTORS OF JADE GAS HOLDINGS LIMITED

As lead auditor for the review of Jade Gas Holdings Limited for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Jade Gas Holdings Limited and the entities it controlled during the period.



G K Edwards
Director

BDO Audit Pty Ltd

Adelaide, 13 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2022

	Note	30 Jun 2022 \$	30 Jun 2021 \$
Other income			
Financial income		30,712	(26)
Other income	5	37,279	1,507
Total other income		67,991	1,481
Expenses			
General and admin expense	6	(933,471)	(125,513)
Salaries and wages expense		(1,247,092)	(206,952)
Depreciation and amortisation expense	13	(61,659)	(35,592)
Interest expense		(10,827)	(6,944)
(Loss)/Gain on disposal of property, plant & equipment		(11,397)	19
(Loss)/profit before tax		(2,196,455)	(373,501)
Income tax (expense)/benefit		7,146	16
(Loss)/Profit for the year		(2,189,309)	(373,485)
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to profit or loss			
Foreign exchange on the translation of subsidiaries		(726,033)	(17,836)
Total comprehensive income, net of tax		(2,915,342)	(391,321)
(Loss)/profit for the year is attributable to:			
Non-controlling interest		(198,402)	(12,691)
Owners of Jade Gas Holdings Limited		(1,990,907)	(360,794)
		(2,189,309)	(373,485)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(198,402)	(12,691)
Owners of Jade Gas Holdings Limited		(2,716,940)	(378,630)
		(2,915,342)	(391,321)
(Loss)/earnings per share		2022 (\$)	2021 (\$)
Basic (loss) per share (dollars per share)	7	(0.0016)	(0.0005)
Diluted (loss) per share (dollars per share)	7	(0.0014)	(0.0005)

The notes on page 14 to 25 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	30 Jun 2022 \$	31 Dec 2021 Restated \$ ¹
ASSETS			
Current assets			
Cash and cash equivalents	8	6,560,172	4,372,561
Trade and other receivables	9	73,681	144,742
Inventories	10	305,586	8,335
Other assets	11	187,555	673,596
Total current assets		7,126,994	5,199,234
Non-current assets			
Property, plant and equipment	13	789,211	764,235
Right-of-use asset	13	296,411	344,266
Exploration and evaluation expenditure	14	4,863,981	2,557,021
Intangibles	13	21,460	1,918
Total non-current assets		5,971,063	3,667,440
Total assets		13,098,057	8,866,674
LIABILITIES			
Current liabilities			
Trade and other payables	15	883,044	418,827
Borrowings	16	100,000	-
Lease liabilities	16	86,947	84,285
Provisions		77,620	-
Total current liabilities		1,147,611	503,112
Non-current liabilities			
Borrowings	16	233,246	326,507
Lease liabilities	16	215,836	259,981
Provisions		33,534	-
Total non-current liabilities		482,616	586,488
Total liabilities		1,630,227	1,089,600
Net assets		11,467,830	7,777,074
EQUITY			
Contributed equity	17	21,260,010	15,198,509
Reserves	18	106,254	301,044
Accumulated losses		(9,579,107)	(7,588,200)
Non-controlling interest		(319,327)	(134,279)
Total equity		11,467,830	7,777,074

¹ Comparative equity line items were restated to account for corrections to share based payment valuations resulting in no net impact to total equity. See note 4 in the notes to the financial statements for further detail.

The notes on page 14 to 25 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 JUNE 2022

	Issued Capital	Unissued Capital	Accumulated Losses	Total Reserves	Non- controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
Restated Balance at 1 January 2022¹	15,198,509	-	(7,588,200)	301,044	(134,279)	7,777,074
Profit/(loss) for the half-year	-	-	(1,990,907)	-	(198,402)	(2,189,309)
Other comprehensive income for the half-year (net of tax)	-	-	-	(739,387)	13,354	(726,033)
Total comprehensive income	-	-	(1,990,907)	(739,387)	(185,048)	(2,915,342)
Issue of shares, rights and options	6,656,104	-	-	388,038	-	7,044,142
Costs of issuing shares	(594,603)	-	-	156,559	-	(438,044)
Balance at 30 June 2022	21,260,010	-	(9,579,107)	106,254	(319,327)	11,467,830

¹ Opening equity balances were restated to correct share based payment valuations. See note 4 in the notes to the financial statements for further detail.

Balance at 1 January 2021	822,558	3,430,000	(1,559,224)	(831,937)	46,802	1,908,199
Profit/(loss) for the half-year	-	-	(360,795)	-	(12,691)	(373,486)
Other comprehensive income for the half-year (net of tax)	-	-	-	(17,836)	-	(17,836)
Total comprehensive income	-	-	(360,795)	(17,836)	(12,691)	(391,322)
Issue of shares, options and notes	600,000	-	-	-	-	600,000
Options/notes converted to equity	-	-	-	-	-	-
Transactons with non-controlling interest	2,178,900	(2,610,000)	-	431,100	-	-
Balance at 30 June 2021	3,601,458	820,000	(1,920,019)	(418,673)	34,111	2,116,877

The notes on page 14 to 25 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

	Note	30 Jun 2022 \$	30 Jun 2021 \$
Cash flows from operating activities			
Receipts from customers		14,300	-
Payments to suppliers and employees		(1,820,473)	(362,302)
Net cash (used in)/generated by operating activities		(1,806,173)	(362,302)
Cash flows from investing activities			
Payments for property, plant and equipment		(202,311)	(91,432)
Payments for exploration and evaluation assets		(2,092,216)	(234,453)
Payments for intangible assets		-	(938)
Proceeds from disposal of plant and equipment		40,737	-
Proceeds from disposal of tenements		29,990	-
Interest received		12,311	32
Net cash (used in)/generated by investing activities		(2,211,489)	(326,791)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, options and notes		6,656,104	600,000
Proceeds from borrowings		6,739	140,000
Transaction costs related to issue of shares		(446,524)	-
Payment of borrowings		-	-
Payment of leases		-	(20,874)
Interest paid		(6,739)	-
Net cash (used in)/generated by financing activities		6,209,580	719,126
Net decrease in cash and cash equivalents		2,191,918	30,033
Cash and cash equivalents at beginning of the period		4,372,561	162,140
Effects of currency translation on cash and cash equivalents		(4,307)	(98,449)
Cash and cash equivalents at end of period		6,560,172	93,724

The notes on page 14 to 25 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2022

Note 1: General information

Jade Gas Holdings Limited is a limited company, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange under the symbol JGH. The registered office is located at 66 Rundle Street Kent Town SA 5067.

This half-year financial report includes the half-year financial statements and notes of Jade Gas Holdings Limited ("the Company") and its Controlled Entities ("the Group"). The half-year financial statements were authorised for issue on 13 September 2022 by the Directors of the Company.

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 31 December 2021 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Note 2: Summary of Significant Accounting Policies

Basis of Preparation

The condensed consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards. Monetary amounts are expressed in Australian dollars.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. As outlined below, the COVID-19 pandemic, has not impacted the Group's operations in any material way to date, and it is not expected to have a significant impact on the Group's operations. The Board does not believe the COVID-19 pandemic will have any impact on the Group's ability to continue as a going concern.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

The policies and methods applied in these interim financial statements are the same as those in the most recent annual report.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Impact of COVID-19 pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the operations of the Group and its financial position and results. At present it is not expected that the continued effect of the COVID-19 pandemic will have any material impact on the Group's general operations.

Group personnel, key supply chains, and other important stakeholder relationships have continued to be largely unaffected by the COVID-19 pandemic. As at 30 June 2022 and at the date of this report, there has been no significant impact upon the financial results and position of the Group reported on in these consolidated financial statements as a result of the COVID-19 pandemic.

The Board and management will continue to monitor the impact of the COVID-19 pandemic on the Group's operations and state of affairs.

Changes in accounting policies and disclosure

In the period ended 30 June 2022, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current half-year reporting period. No new or amended Australian Accounting Standards and Interpretations that are issued, but not yet effective, have been early adopted. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. In preparing these consolidated half-year financial statements, significant estimates and judgements made by management were consistent with those that were applied to the consolidated annual financial statements for the period ended 31 December 2021.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. For the period, the Group has incurred a loss after tax of \$2,189,309 and had net cash outflows from operating activities of \$1,806,173. The Group ended the period with \$6,560,172 cash on hand supported by the successful placement of shares to institutional and sophisticated investors as announced to the ASX on 28 April 2022.

The Company believes there are sufficient funds to be able to deliver the objectives of the prospectus, and activities in the release made to the ASX on 28 April 2022.

Note 3: Reverse Acquisition Accounting

On 22 September 2021 the Company announced the completion of the acquisition of 100% of the issued capital of JGPL (ACN 631 515 225), the effect of which is outlined in the Company's Annual Report for the year ended 31 December 2021.

The acquisition of JGPL did not meet the definition of a business combination in accordance with AASB 3 Business Combinations ("AASB 3"). Instead, the acquisition was treated as a Group recapitalisation, using principles of reverse acquisition accounting in AASB 3 given the substance of the transaction is that the Company has effectively been recapitalised with JGPL operations being the ongoing business. Accordingly the consolidated financial statements have been prepared as if JGPL acquired the Company and not vice-versa as represented by the legal position.

The impact of the Group restructure on each of the primary statements is as follows:

Consolidated statement of profit or loss and other comprehensive income

- The 30 June 2022 consolidated statement of profit or loss and comprehensive income comprises the Group.
- The 30 June 2021 consolidated statement of profit or loss and comprehensive income comprises JGPL only.

Consolidated statement of financial position

- The consolidated statement of financial position as at both 30 June 2022 and 31 December 2021 represents the Group.

Consolidated statement of changes in equity

- The 30 June 2022 statement of changes in equity comprises the Group's equity balance as at 1 January 2022 and its loss for the half-year and transactions with equity holders for the half-year ended 30 June 2022
- The 30 June 2021 statement of changes in equity comprises JGPL equity balance as at 1 January 2021, and its loss for the half-year and transactions with equity holders for the half-year to 30 June 2021.

Consolidated statement of cash flows

- The 30 June 2022 statement of cash flows comprises the Group.
- The 30 June 2021 statement of cash flows comprises JGPL only.

Note 4: Restatement of Comparative Balances

During the half-year ended 30 June 2022 an error was discovered in the prior period valuation and the period of expense recognition of options whereby the total expense of options was allocated across the period to expiry of the options granted despite no service period existing as a vesting condition. A correction has been calculated and the comparative balance for the period ending 31 December 2021 in the *Consolidated Statement of Financial Position* has been restated. The restatement impacts only the equity line items with nil net impact on the total equity of the Company.

Where no service or vesting conditions exist the expense of the granted options have been corrected to be recognised in full at the grant date in accordance with AASB 2: *Share-based Payments*. The calculation of share based payments has been done using the Black and Scholes pricing model, corrected for inputs to reflect conditions of the options at the grant date. The key inputs, along with the impact to the *Consolidated Statement of Financial Position* follows. The restated comparative equity figures additionally form the opening balances of the *Consolidated Statement of Changes in Equity*.

Valuation Inputs	Grant Date	Vesting Date	Expiry Date	Price at Grant	Exercise Price	Fair Value	Expected Volatility	Risk-free interest rate
7,000,000 Director Options	7/7/21	7/7/21	30/6/22	\$0.03	\$0.045	\$0.000	68%	0.06%
22,000,000 Director Options	22/9/21	22/9/21	30/6/23	\$0.03	\$0.045	\$0.007	68%	0.01%
12,000,000 Broker Options	22/9/21	22/9/21	22/9/24	\$0.03	\$0.045	\$0.010	68%	0.16%
4,000,000 Marketer Options	25/11/21	25/11/21	31/10/24	\$0.08	\$0.10	\$0.029	65%	1.03%
4,000,000 Performance Rights	25/11/21	4/10/22	25/11/25	\$0.08	-	\$0.029	64%	1.48%
4,000,000 Performance Rights	25/11/21	4/10/23	25/11/25	\$0.08	-	\$0.024	64%	1.48%
8,000,000 Performance Rights	16/12/21	16/12/22	16/12/25	\$0.07	-	\$0.035	67%	1.37%
8,000,000 Performance Rights	16/12/21	16/12/23	16/12/25	\$0.07	-	\$0.028	67%	1.37%

The fair value of the equity settled options and rights granted is estimated as at the date of the grant using the Black and Scholes model taking into account the terms and conditions upon which the options and rights were granted. The expected volatility is estimated with the assumption that historical volatility is indicative of future trends, which may not be the actual outcome. The risk-free interest rate is the government bond rate with a similar term to the right or option as at the grant date.

	31 Dec 2021 Reported \$	Correction of prior period error	31 Dec 2021 Restated \$
Share Based Payments			
7,000,000 Director Options	4,646	(3,823)	823
22,000,000 Director Options	36,073	112,035	148,108
68,000,000 Options forming JGPL consideration ¹	111,500	(111,500)	-
12,000,000 Broker Options	18,328	101,661	119,989
4,000,000 Marketer Options	1,429	116,051	117,480
8,000,000 Performance Rights	-	22,136	22,136
16,000,000 Performance Rights	-	13,500	13,500
Share Based Payment Expense	171,976	130,071	302,047
Share Issue Costs	-	119,989	119,989
Movement in Share Based Payment Reserve	171,976	250,060	422,036

¹ 68,000,000 options were given to shareholders as consideration for 100% of the issued capital of Jade Gas Pty Ltd

	31 Dec 2021 Reported \$	Correction of prior period error	31 Dec 2021 Restated \$
EQUITY			
Contributed equity	15,318,498	(119,989)	15,198,509
Reserves	50,984	250,060	301,044
Accumulated losses	(7,458,129)	(130,071)	(7,588,200)
Non-controlling interest	(134,279)	-	(134,279)
Total equity	7,777,074	-	7,777,074

Note 5: Other Income

	2022 \$	2021 \$
Sale of Austrian exploration licences	25,742	-
Rental income	11,486	-
Mongolian government grants	51	1,507
	37,279	1,507

Note 6: General and Administration Expense

	2022 \$	2021 \$
Office expenses	33,148	-
Travel	85,367	589
Minor equipment	6,427	-
Communications	5,253	328
Fuel	5,219	-
Professional services	313,726	105,186
Mongolian withholding and other state taxes	361,208	2,832
Bank charges	3,691	3,246
Other administrative expenses	119,432	13,332
	933,471	125,513

Note 7: Earnings Per Share

	2022 \$	2021 \$
Loss for the period	(1,990,907)	(360,794)
Weighted average number of ordinary shares (basic)	1,249,230,486	715,220,994
Weighted average number of ordinary shares (diluted)	1,405,230,486	715,220,994
Basic (loss) per share	(\$0.0016)	(\$0.0005)
Diluted (loss) per share	(\$0.0014)	(\$0.0005)

Note 8: Cash and Cash Equivalents

	2022 \$	2021 \$
Cash at bank	6,560,172	4,372,561
	6,560,172	4,372,561

Note 9: Trade and Other Receivables

	2022 \$	2021 \$
Accounts receivable	12,691	-
GST and VAT receivable	60,990	144,742
	73,681	144,742

Note 10: Inventories

	2022 \$	2021 \$
Supplies, stores and spare materials	305,587	8,335
	305,587	8,335

Note 11: Other Assets

	2022 \$	2021 \$
Prepayments	108,893	622,968
Security deposits	78,662	50,628
	187,555	673,596

Note 12: Deferred Tax

The following is a summary of the tax consolidated group's deferred tax not brought to account, the benefits of which will only be realised if the conditions for deductibility are met.

	2022 \$	2021 \$
Losses available for offset against future tax liabilities	5,891,518	5,609,542
Deductible temporary differences	128,001	138,841
	6,019,519	5,748,383

The 2022 figures are calculated on the current 25% tax rate for base rate entities on the basis that should the Group has future taxable profits it is likely that the Group will initially be a Small Business Entity (SBE).

The recovery of the losses is subject to satisfaction of the tax loss recoupment rules. A final position on The Company passing the Continuity of Ownership Test (COT), or failing that, the Same Business Test (SBT), has not been reached to determine whether tax losses can be carried forward as at 30 June 2022. However, at this stage the Company considers it unlikely a large portion of the current accumulated losses will pass either the COT or SBT.

Note 13: Property, Plant and Equipment, Right-of-Use and Intangible Assets

	Plant and equipment at cost	Right-of-use asset	Intangible assets	Total
	\$	\$	\$	\$
Gross carrying amount				
Balance at 1 January 2022	867,185	445,205	5,189	1,317,579
Additions	160,914	-	23,319	184,233
Disposals	(75,246)	-	-	(75,246)
Reclassifications	21,598	20,228	-	41,826
Foreign exchange impact	(37,730)	(4,336)	(224)	(42,290)
Balance at 30 June 2022	936,721	461,097	28,284	1,426,102
Accumulated depreciation/ amortisation and impairment				
Balance at 1 January 2022	(102,950)	(100,939)	(3,271)	(207,160)
Disposals	19,364	-	-	19,364
Depreciation expense	(13,804)	(47,855)	-	(61,659)
Depreciation (E&V asset)	(33,851)	-	-	(33,851)
Amortisation expense	-	-	(3,695)	(3,695)
Reclassifications	(21,598)	(20,228)	-	(41,826)
Foreign exchange impact	5,329	4,336	142	9,807
Balance at 30 June 2022	(147,510)	(164,686)	(6,824)	(319,020)
Net book value				
As at 1 January 2022	764,235	344,266	1,918	1,110,419
As at 30 June 2022	789,211	296,411	21,460	1,107,082

Gross carrying amount				
Balance at 1 January 2021	417,052	95,157	2,627	514,836
Additions	593,228	344,266	2,402	939,896
Disposals	(168,431)	-	-	(168,431)
Reclassifications	-	-	-	-
Foreign exchange impact	25,336	5,782	160	31,278
Balance at 31 December 2021	867,185	445,205	5,189	1,317,579
Accumulated depreciation/ amortisation and impairment				
Balance at 1 January 2021	(59,784)	(75,324)	(1,487)	(136,595)
Disposals	8,427	-	-	8,427
Depreciation expense	(47,961)	-	-	(47,961)
Amortisation expense	-	(21,038)	(1,693)	(22,731)
Foreign exchange impact	(3,632)	(4,577)	(91)	(8,300)
Balance at 31 December 2021	(102,950)	(100,939)	(3,271)	(207,160)
Net book value				
As at 1 January 2021	357,268	19,833	1,140	378,241
As at 31 December 2021	764,235	344,266	1,918	1,110,419

Note 14: Exploration and Evaluation Expenditure

	2022 \$	2021 \$
Opening balance	2,557,021	1,611,976
Foreign exchange impact	(88,903)	97,928
Exploration expenditure incurred	2,395,863	847,117
	4,863,981	2,557,021

Note 15: Trade and Other Payables

	2022 \$	2021 \$
Trade creditors	596,475	224,318
Superannuation payable	-	16,217
Withholding tax payable	242,800	73,604
Accrued expenses	43,769	104,688
	883,044	418,827

Note 16: Borrowings

	2022 \$	2021 \$
Director loans (i)	100,000	100,000
Shareholder loans (ii)	233,246	226,507
Finance lease liability	302,783	344,266
	636,029	670,773
Current	186,947	84,285
Non-current	449,082	586,488
	636,029	670,773

SUMMARY OF BORROWING ARRANGEMENTS

(i) Unsecured loan of \$100,000 provided by a previous Director of the Company on an interest-free basis expiring 30 June 2023.

(ii) Unsecured shareholder loans provided at 6% interest expiring 9 August 2023.

	31/12/2021	Financing cash flows	Office lease liability	Interest on loans	30/6/2022
	\$	\$	\$	\$	\$
Director loans	100,000	-	-	-	100,000
Shareholder loans	226,507	-	-	6,739	233,246
Lease liabilities	344,266	-	(41,483)	-	302,783
	670,773	-	(41,483)	6,739	636,029

Note 17: Contributed Equity

	2022 \$	2021 \$
Issued share capital	21,974,602	15,318,498
Unissued share capital	-	-
Costs of issuing shares	(714,592)	(119,989)
	21,260,010	15,198,509
Issued capital comprises:		
1,337,403,331 fully paid ordinary shares (31 December 2021: 1,209,401,331)	21,260,010	15,198,509
	21,260,010	15,198,509

FULLY PAID ORDINARY SHARES

	No. Shares	Share capital \$
Balance at 1 January 2021	176,250	822,558
JGPL shares issued	26,750,000	2,778,900
Notes in subsidiary converted to equity	-	820,000
Prospectus shares purchased	(203,000,000)	-
Prospectus vendor Offer	846,166,667	-
Prospectus equity Offer	250,000,000	7,500,000
Shares issued to HGM shareholders	113,234,664	3,397,040
Closing balance at 31 December 2021	1,209,401,331	15,318,498
Balance at 1 January 2022	1,209,401,331	15,198,509
Shares issued	128,002,000	6,656,104
Costs of issuing shares	-	(594,603)
Closing balance at 30 June 2022	1,337,403,331	21,260,010

SHARE PLACEMENT

On 28 April 2022, the Company announced the successful completion of a \$6,656,000 capital raising through the issue of 128,000,000 shares to institutional and sophisticated investors at an issue price of \$0.052 per share. The transaction was completed in two tranches, with 125,000,000 shares issued on 5 May 2022 and the remaining 3,000,000 shares issued to Director Joseph Burke following shareholder approval at the Annual General Meeting held on 31 May 2022.

1,000 shares were issued at an issue price of \$0.052 per share under two cleansing prospectuses for each tranche of the share placement. The purpose of the two cleansing prospectuses was to remove any on-sale trading restrictions attached to the placement shares pursuant to the exemption set out in section 708A(11) of the Corporations Act.

Note 18: Reserves

	2022 \$	2021 \$
Option reserve	966,633	422,036
Foreign exchange reserve on the conversion of subsidiary undertakings	(860,379)	(120,992)
	106,254	301,044

SHARE OPTION RESERVE

	2022 \$	2021 \$
Opening balance	422,036	-
Consolidation of 7,000,000 Director options on 7 July 2021	(823)	823
Issue of 22,000,000 Director options on 22 September 2021 as part of the RTO	-	148,108
Issue of 12,000,000 Broker options on 22 September	-	119,989
Issue of 4,000,000 Marketer options on 25 November 2021	-	117,480
Issue of 8,000,000 Performance Rights on 25 November 2021	162,902	22,136
Issue of 16,000,000 Performance Rights on 16 December 2021	84,998	13,500
Issue of 4,000,000 Director options on 1 February 2022	115,623	-
Issue of 12,000,000 Director options on 19 April 2022	25,338	-
Issue of 10,000,000 Broker options on 5 May 2022	156,559	-
	966,633	422,036

Note 19: Related Party Transactions

TRANSACTIONS WITH RELATED ENTITIES

Transactions between JGH and other entities in the wholly owned Group during the period consisted of:

- Loans advanced by JGH.
- Loans advanced to JGH.
- Loans provided by the JGH to wholly owned entities, which are made on an interest-free basis and repayable on demand.

All inter-entity transactions and balances are eliminated in the consolidated financial statements.

RELATED PARTY TRANSACTIONS

4,000,000 unlisted options were issued to Director Peter Lansom on 1 February 2022 as a Director incentive package. The options are exercisable at 12 cents on or before 1 February 2025.

On 20 April 2022 the Company announced the appointment of CEO Chris Jamieson to the role of Managing Director. In addition to the existing CEO remuneration, 12,000,000 unlisted options exercisable at 9 cents on or before 19 April 2025 were issued under the vesting conditions of 6,000,000 options vesting on the 12-month anniversary of the appointment and 6,000,000 options vesting on the 24-month anniversary of the appointment.

3,000,000 fully paid ordinary shares were issued to Director Joseph Burke at a purchase price of \$0.052 per share in the placement announced to the ASX on 28 April 2022. The shares were issued following approval from shareholders at the AGM held on 31 May 2022.

Loans of \$100,000 and \$233,246 from previous Director Mr Anthony Hall and a shareholder remain held by the Group. Refer to note 16 for terms and conditions.

Note 20: Events After the Reporting Period

Subsequent to the end of the period, the Company announced on 8 August 2022 the expansion of it’s drilling program at the TTCBM Project, with an additional well in the Red Lake area, Red Lake-7, which will be used in the extended production testing phase which will support the assessment of commercial development options.

On 19 August 2022, the Company announced the finalisation of a Prospecting Agreement with Khangad Exploration LLC, under which wholly-owned Jade subsidiary Jade Gas Mongolia LLC must solely fund the BNG project to the completion of a DFS. Subject to the outcome of the DFS, the parties will mutually agree to the further development of the BNG project, which will include funding obligations of each party. The project is also located in South Gobi, and is adjacent to the TTCBM Project. Jade has agreed to a modest financial commitment of US\$160k over three years, which includes the drilling of a minimum of two core holes within the first two years.

On 23 August 2022, the Company announced the delivery of its maiden unrisks Gross Contingent Resources estimate for the TTCBM Project of 1C of 118 Billion cubic feet (Bcf) 2C of 246 Bcf and 3C of 305 Bcf - the largest Contingent Resources for coal bed methane in Mongolia to date.

The Contingent Resources Estimate was compiled by the Jade technical team in Australia and Mongolia using standard industry practices. The estimate is deterministic based on mapping of net coal thickness, combined with desorbed gas content, gas composition, methane isotherm studies, ash and moisture content from testing undertaken on recovered core and pressure and permeability information from drill stem testing. RISC Advisory has audited the estimated volumes and considers them reasonable in aggregate.

The Gross and Net Contingent Resources estimates can be found in the table overpage along with the underlying assumptions and disclosures.

On 1 September 2022 the Company announced total depth of 810.5 metres had been reached at Vista-1, the first of three exploration wells to be drilled approximately 25 kilometres to the east of the Red Lake area, intersecting 38.25 metres of gassy coal.

On 7 September 2022 The Company announced a collaboration initiative with Erdenes Tavantolgoi JSC (ETT), the licence holder of the Tavan Tolgoi coal mine, adjacent to the Company's TTCBM Project. In line with the Cooperation Agreement ETT and MGR will undertake a collaboration initiative designed to understand the gas characteristics of the Tavan Tolgoi coal field leading to improved safety and environmental credentials. This collaboration is expected to provide the Company with additional data on targeted coal seams of interest within and outside its permitted areas in shallower areas.

Unrisks Contingent Resources for TTCBM Project (Red Lake area only)

TTCBM Project (Red Lake area only)	Unrisks Contingent Resources (Bcf)		
	1C	2C	3C
Gross Recoverable Gas	118	246	305
Net Recoverable Gas	71	148	183

Notes to table

1. Contingent Resource estimates reported above have been prepared by Jade at an evaluation date of 31 July 2022.
2. Gross Contingent Resources represent 100% total of estimated recoverable volumes of methane.
3. Contingent Resource estimates have been made and classified in accordance with the SPE Petroleum Resources Management System 2018 (“SPE-PRMS”) and sub-classified as “Development Unclassified”.
4. Further pilot well drilling, planned for 2023, is required to demonstrate de-watering and gas flow rates, which will be required to mature the development plan, secure commercial agreements and achieve final investment decision.
5. Net Contingent Resources attributable to Jade represent the fraction of Gross Contingent Resources allocated to Jade, based on its 60% interest in the TTCBM Project. The net outcome is also dependent on sharing requirements of the Production Sharing Agreement (“PSA”) which will vary according to production rate, capital and operating costs and gas pricing, which is currently indeterminate.
6. Volumes reported here are unrisks, no adjustment has been made for the risk that the project may not be developed in the form envisaged or may not go ahead at all (i.e. Chance of Development has not been applied).
7. Contingent Resources volumes shown have had shrinkage applied to account for CO2 and N2 and include only hydrocarbon gas. An allowance of 3% has been made for Fuel and Flare.
8. Contingent Resources presented in the tables are arithmetic totals for the three coal seams of interest, those being coal seams 0, III and IV.
9. Estimates have been made deterministically from mapping of coal seam thickness from core holes across the area incorporating measured gas content from desorption experiments, methane isotherm measurements, coal density, ash and moisture content, pressure and estimated pressure at abandonment. 1C volumes are mapped one well spacing unit (350m) from well control, 2C to three spacing units and 3C to five spacing units.
10. This work has been prepared by Mark Pitkin, General Manager Technical at Jade Gas Pty Ltd, a qualified Petroleum Engineer, who has over 25 years of experience and is a member of the Society of Petroleum Engineers. He agrees to the form and context in which the Contingent Resource estimates are presented in this Announcement.
11. The Contingent Resources presented are considered fair and reasonable incorporating the uncertainty in the raw geological information available and the technical interpretation at the time of the estimate.
12. RISC has audited the assessment and considers both the approach and volumes reasonable but considers producibility needs further verification.
13. The accuracy of estimates is a function of the quality and quantity of available data and of interpretation and judgement. Geological and reservoir performance data gathered subsequent to this estimate may warrant revision either upward or downward.

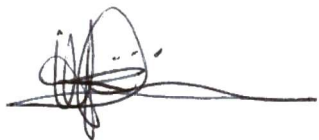
DIRECTOR'S DECLARATION

FOR THE HALF-YEAR ENDED 30 JUNE 2022

In the opinion of the Directors of Jade Gas Holdings Limited:

1. The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
 - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Chris Jamieson
Managing Director and CEO
13th September 2022



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JADE GAS HOLDINGS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Jade Gas Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022 the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



BDO Audit Pty Ltd



G K Edwards
Director

Adelaide, 13 September 2022



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