



SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Maiden unrisked Gross Contingent Resources of 1C: 118 Bcf, 2C: 246 Bcf and 3C: 305 Bcf for TTCBM Project¹**
- **TTCBM Project six well drilling program at Red Lake nearing completion, with Red Lake-7 added as a production test well**
- **Exploration program (Vista-1, Brownhill-1 and Steppe-1) in east of TTCBM permit nearing completion**
- **Prospecting Agreement (PA) over Baruun Naran coal field secured**
- **Collaboration with Erdenes Tavatulgoi JSC (ETT) to provide mine drainage opportunity**

Jade Gas Holdings (ASX:JGH, **Jade** or the **Company**) provides its September 2022 quarterly activities report for activities at its coal bed methane gas project at the Tavantolgoi basin in Mongolia (**TTCBM Project**) and the Baruun Naran permit (**BNG**).

Expanded Drilling Program at TTCBM Project

Following a review of the early results demonstrated in the Red Lake area, Jade announced the expansion of its CY2022 drilling program to include an additional well, Red Lake-7. Red Lake-7 will be the second well used for extended pilot production testing work in 2023.

Three exploration wells, Vista-1, Brownhill-1 and Steppe-1, were and are being drilled in the east of the permit (see location in figure 1). These wells, along with the completion of Red Lake-5 will complete the exploration component of the CY2022 drilling program.

The first of exploration wells, Vista-1, reached a TD of 810.5 metres with 38 metres of gassy coals intersected from seams between 496 and 712 metres. The second well, Brownhill-1 spudded at the start of September and reached total depth (**TD**) of 523.4m by quarter end. Approximately 41 metres of gas bearing coals were subsequently identified from coal core taken from the well, with gas desorption work on-going.

Mongolian CBM Permit Expansion

On 19 August 2022 the Company announced the securing of a PA over the Baruun Naran coal field (**BNG Project**) with Joint Venture (**JV**) partner Khangad Exploration LLC (**Khangad**), a subsidiary of Mongolia Mining Corporation (**MMC**), a public company listed on the Hong Kong Stock Exchange. Under the PA, the Company has agreed to a modest financial commitment of USD\$160k over three years, which includes the drilling of a minimum of two core holes within the first two years.

¹ Refer ASX Release dated 23 August 2022

Directors

The Baruun Naran coal field is located to the west of Jade's TTCBM Project and comes with an extensive data set, including coal exploration borehole and seismic data. In 2021, RISC Advisory, an independent oil and gas advisory firm, estimated a Prospective Resource for the BNG Project as detailed below.

Table 1 - Gross 2U Prospective Resource estimate of the BNG Project²

Prospective Resource Range	Unit	Low	Best	High
Baruun Naran Project	Bcf	13	65	186

Cautionary Statement: the estimated quantities of petroleum 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.

Maiden Contingent Resources

Jade delivered a Gross Contingent Resources estimate for the Red Lake area of 1C of 118 Bcf, 2C of 246 Bcf and 3C of 305 Bcf. The Contingent Resources estimate was compiled by the Jade technical team in Australia and Mongolia using standard industry practices. It 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. The Contingent Resources estimate was audited by RISC Advisory.

Table 2 - Unrisked Contingent Resources for TTCBM Project (Red Lake area only)³

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

Collaboration with Erdenes Tavantolgoi JSC

The Company undertook a collaboration initiative with ETT, the licence holder of the Tavan Tolgoi coal mine, adjacent to Jade's flagship TTCBM Project.

In line with a Cooperation Agreement, Jade's 60% owned joint-venture subsidiary Methane Gas Resource LLC will provide gas assessment expertise to understand the gas characteristics of the Tavan Tolgoi coal field. This will include gas drainage performance, greenhouse gas emissions and outburst risk to assist ETT in further developing control strategies as ETT considers the potential to develop underground mining operations.

² See Jade Prospectus 30 September 2021 for further details (Figure 12: Prospective Resource Range (Gross) estimated by RISC)

³ Listing Rule 5.42 – The details of the TTCBM Project Contingent Resources estimate referenced throughout this release were announced to the market on 23 August 2022. In accordance with Listing Rule 5.43.2 the Company confirms that it is not aware of any new information or data that materially affects the information published in that market announcement and that all of the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.



A number of wells will be drilled within Jade's permitted Red Lake area nearer to the open pit mine where the coal seams are shallower. The collaboration is expected to provide Jade additional data to support the Company's pilot production program, which is expected to commence in CY2023.

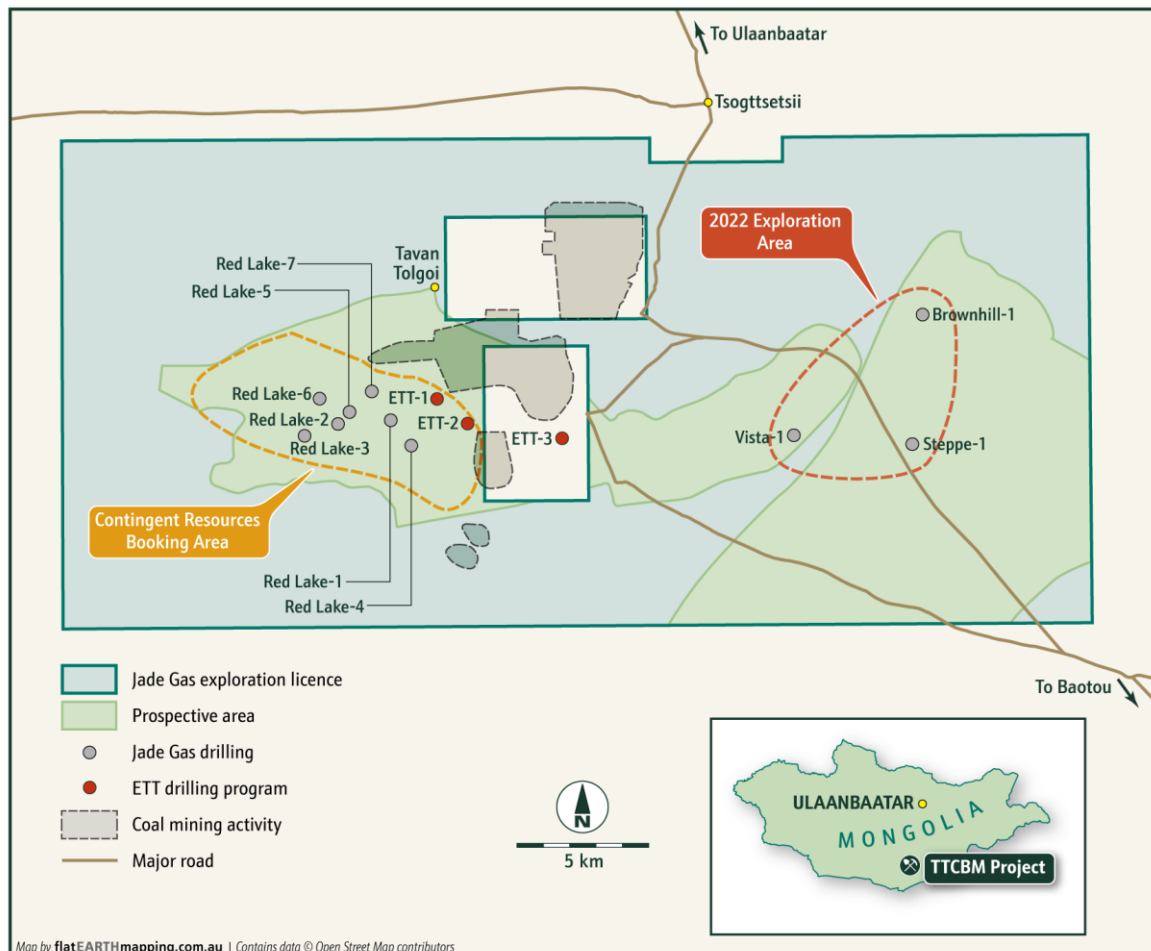


Figure 1 – Map showing the location of Jade's TTCBM Project and proposed drilling by ETT where Jade will provide gas assessment expertise.

Statement of Commitments

A summary of expenditure to date against the Statement of Commitments, from the Prospectus dated 14 July 2021, and the ASX Announcement made on 28 April relating to the institutional placement is outlined below:

	Project expenditure to date as of 30 September 2022 (\$'000)	Expenditure described in Use of Funds in the Prospectus/Placement Announcement (\$'000)
Cost of the offer	680	650
Project evaluation	109	122
Commercial studies	28	331
Exploration and appraisal activities ¹	5,428	4,327
Administration and working capital	2,070	2,070
Total (Prospectus)	8,315	7,500
TTCBM Project 2022 program	1,053	3,300
2023 Long lead items	500	500
Shivee Gobi Permit	18	300
Eastern Gobi Permit	28	300
Corporate and administration	797	2,300
Total (Placement)	2,396	6,700

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, securing of long lead items and amendments to well design. Overspend has been driven by drilling challenges extending the required drilling time, increased camp costs, and unfavourable exchange rate movements.

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 30 September 2022, pertain to payments to directors for fees, salary and superannuation.

Cash at Bank

Cash at bank at the end of Q3 2022 was A\$3.53 million.

- ENDS -

Authorised for release on behalf of the Board by Chris Jamieson, Managing Director and CEO.

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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
	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

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")

30 SEPTEMBER 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	6	20
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(444)	(1,332)
	(e) administration and corporate costs	(297)	(1,330)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	11	23
1.5	Interest and other costs of finance paid	(3)	(9)
1.6	Income taxes paid	-	(1)
1.7	Government grants and tax incentives	-	-
1.8	Other	-	102
1.9	Net cash from / (used in) operating activities	(727)	(2,527)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(960)	(1,162)
	(d) exploration & evaluation	(1,323)	(3,415)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	30
	(c) property, plant and equipment	11	52
	(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	(2,272)	(4,495)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	6,656
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	-	(446)
3.5	Proceeds from borrowings	3	9
3.6	Repayment of borrowings	(100)	(100)
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	(97)	6,119

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,560	4,373
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(727)	(2,527)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,272)	(4,495)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(97)	6,119

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	64	58
4.6	Cash and cash equivalents at end of period	3,528	3,528

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	3,528	6,560
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)	3,528	6,560

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	140
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>		

\$53k of Directors' fees and \$87k of remuneration to the Managing Director for his role as CEO were paid during the quarter.

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 – Director & Shareholder Loans	236	236
7.4	Total financing facilities	236	236
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.		
	Unsecured Director loan of \$100k provided on an interest free basis expiring 30 June 2023. Unsecured Shareholder loan of \$136k provided at 6% interest per annum expiring 9 August 2023.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(727)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,323)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,050)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,528
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,528
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.72
<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?	
	Yes. Negative cashflows are commonplace for exploration and development companies prior to revenues from production being established. The Company expects negative cash flows to continue as the Company progresses into a pilot production phase in the subsequent periods.	

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?

Yes.

The Company is working with strategic partners to secure further funding to finance the 2023 drilling program which will include the pilot production program at the Company's flagship TTCBM project.

The Company currently has full capacity to place, without shareholder approval, 200,610,499 ordinary shares in accordance with ASX Listing Rule 7.1 and 133,740,333 Ordinary share in accordance with ASX Listing Rule 7.1A.

Based on communications with the Company's strategic partners and market advisors the Directors believe that there are reasonable grounds to believe that the financing of the 2023 drilling program will be successful.

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?

Yes.

Given the assessed likelihood of additional funding being secured the Directors believe that the Company will be able to continue its operations and meet its business objectives for the foreseeable future.

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.

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: 31 October 2022

Authorised by: By authority of the Board
(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.

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

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.