



DECEMBER 2022 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- Continued exploration success with expanded gas strike of nearly 45 kilometres following drilling in the Western (Baruun Naran) and Eastern zones (Brownhill)
- Completion of 2022 exploration drilling program including two extended production test wells (Red Lake-5 and Red Lake-7) designed to support upcoming pilot production wells focused on proving commercial gas flows
- Non-binding gas offtake MOU signed with Xanadu Mines Ltd to power the Karmagtai Copper-Gold Project, forecasting up to 120MW of energy demand
- Positive discussions continue with existing MOU partners and other potential downstream customers with respect to future gas offtake and infrastructure
- Successful completion of oversubscribed placement raising \$3.0 million and cornerstoned by existing shareholder, UB Metan LLC, Mongolia's largest gas distributor

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

Continued Exploration Success

Jade safely drilled 14 wells over the last twelve months, contributing to our maiden Contingent Resources booking, as well as delivering gas strike of nearly 45 kilometres across the TTCBM and BNG permits.

A further two wells were completed at the Baruun Naran permit located west of the TTCBM Project. BNG-1 reached a depth of 463 metres and underwent logging and drill stem testing, targeting shallow coals at depths between 150 and 350 metres from which 35 metres of gassy coal was recovered for testing. BNG-2 was successfully drilled to a depth of 592 metres, with a further 26 metres of gassy coal core recovered between 471 to 530 metres and also currently undergoing testing.

Further exploration success was realised in the Eastern zone of the TTCBM Project with 41 metres of gassy coal recovered from the Brownhill-1 well (total depth of 524 metres) and 38 metres of gassy coal recovered from the Vista-1 well.

Completion of First and Second Production Test Wells

Two wells to be used for Extended Production Testing, Red Lake-5 and Red Lake-7, were completed. Red Lake-7 was drilled and completed to a total depth of 501 metres, with gassy coal seams recovered and undergoing testing. Red Lake-5 was drilled to a total depth of 687 metres, with 36 metres of coal intersected in the target gas seams.

Jade Gas Holdings Ltd

ACN 062 879 583
ASX: JGH

Australian Registered Address

Level 1,66 Rundle Street
Kent Town, SA 5067, Australia

T +61 437 603 294
E info@jadegas.com.au
W www.jadegas.com.au

Directors

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

Red Lake-5 will test the 25 metre thick seam 0 and Red Lake-7 will test the 17 metre thick seam III. Well heads have been successfully installed on both wells ready for Extended Production Testing, which is expected to commence in early 2023. The data from these tests will be used to design our Pilot Production test wells that are expected to be drilled in the second half of 2023.

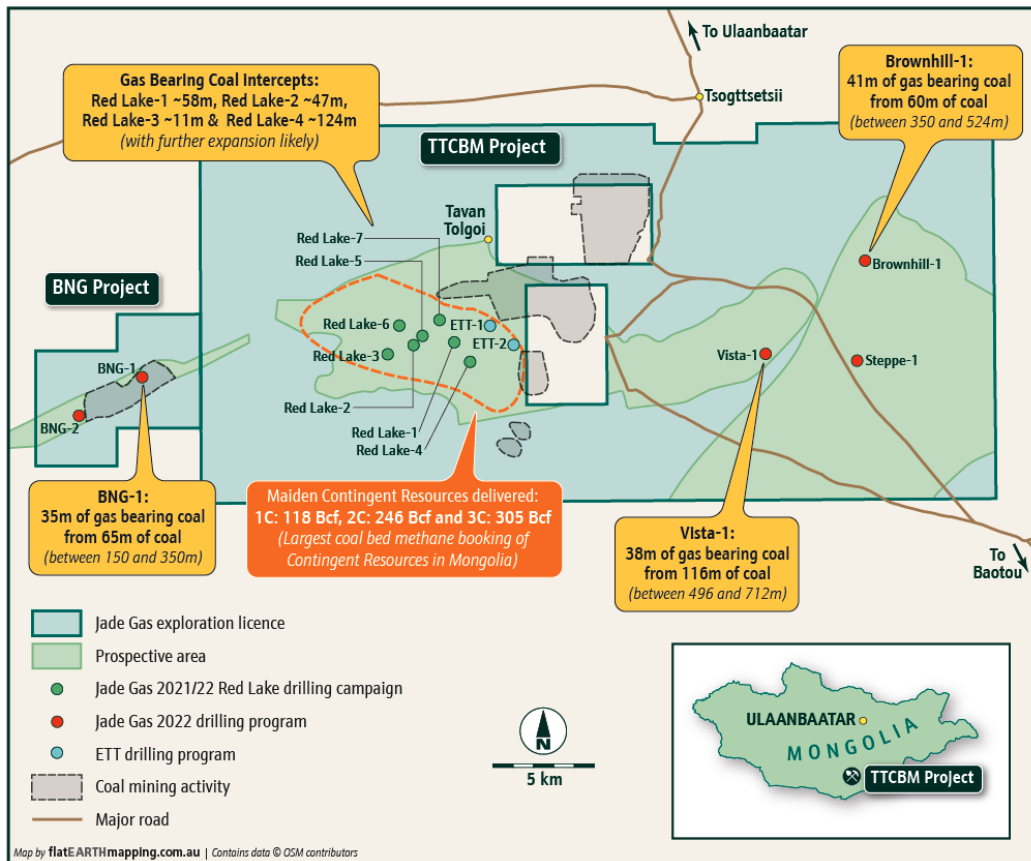


Figure 1 - Permit areas showing drilling across the TTCBM and BNG Projects

Non-binding Gas Offtake MOU with Xanadu Mines

Jade and Xanadu Mines Ltd (ASX:**XAM**, Xanadu) signed a non-binding gas offtake MOU on 21 December 2022 for gas sales from Jades' TTCBM Project. Xanadu is looking to secure a reliable, low cost and cleaner energy source for its Karmagtai Copper-Gold Project which is located around 80 kilometres to the north east of the TTCBM Project. The partnership demonstrates a clear pathway to market for gas produced by Jade, with a number of other commercial customers on Jade's doorstep looking to secure future gas supplies of natural gas.

In addition to the securing of energy, this MOU aligns both Jade and Xanadu's shared ambition for improving Mongolia's energy independence, energy mix, and meeting climate change commitments that will ultimately improve the health and well-being of its people.

\$3.0 Million Placement

On 2 November 2022, the Company announced the successful completion of a \$3.0 million Institutional Placement through the issue of 60 million Placement Shares at an issue price of \$0.05, with one option attached to every two shares at an exercise price of \$0.075 and an expiry date of 30 November 2025.

The Placement was cornerstoned by an existing shareholder, UB Metan LLC, for A\$1.0 million. The funds will predominantly be used for long lead items relating to the 2023 pilot production program, 2D seismic over a portion of the Red Lake area within the TTCBM Project permit, and working capital requirements.



Figure 2 – Map showing potential customer demand proximal to Jade's TTCBM and BNG Projects

Statement of Commitments

A summary of expenditure to date against the Statement of Commitments from the Prospectus dated 14 July 2021, the ASX Announcement made on 28 April 2022 relating to the institutional placement and the ASX Announcement made on 2 November 2022 relating to the most recent institutional placement is outlined below:

	Project expenditure to date as of 31 December 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	67	331
Exploration and appraisal activities ¹	5,428	4,327
Administration and working capital	2,070	2,070
Total (Prospectus)	8,354	7,500
TTCBM Project 2022 program	2,920	3,300
2023 Long lead items	500	500
Shivee Gobi Permit	18	300
Eastern Gobi Permit	28	300
Corporate and administration	1,652	2,300
Total (Placement 28 April)	5,118	6,700
2023 Long lead items & 2D Seismic	360	2,200
Corporate and administration	167	800
Total (Placement 2 November)	527	3,000

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 primarily due to extending drilling time for certain wells, 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 31 December 2022, pertain to payments to directors for fees, salary and superannuation.

Cash at Bank

Cash at bank as at 31 December 2022 was A\$3.24 million.

- ENDS -

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

**For further information contact:**

Chris Jamieson
Managing Director and
Chief Executive Officer
+61 487 173 244
cjamieson@jadegas.com.au

Justin Green
Financial Controller and
Company Secretary
+61 437 603 294
jgreen@jadegas.com.au

Elvis Jurcevic
Investor Relations
+61 408 268 271
ej@jadegas.com.au

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")

31 DECEMBER 2022

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	7	27
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(574)	(1,906)
	(e) administration and corporate costs	(361)	(1,691)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9	32
1.5	Interest and other costs of finance paid	(2)	(11)
1.6	Income taxes paid	-	(1)
1.7	Government grants and tax incentives	-	-
1.8	Other	4	106
1.9	Net cash from / (used in) operating activities	(917)	(3,444)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(377)	(1,539)
	(d) exploration & evaluation	(1,892)	(5,307)
	(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	-	30
	(c) property, plant and equipment	-	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	(2,269)	(6,764)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,000	9,656
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	(167)	(613)
3.5	Proceeds from borrowings	2	11
3.6	Repayment of borrowings	-	(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	2,835	8,954

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,528	4,373
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(917)	(3,444)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,269)	(6,764)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,835	8,954

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
4.5	Effect of movement in exchange rates on cash held	63	121
4.6	Cash and cash equivalents at end of period	3,240	3,240

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	3,240	3,528
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)	3,240	3,528

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	174
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>		

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

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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 – Director & Shareholder Loans	238	238
7.4	Total financing facilities	238	238
7.5	Unused financing facilities available at quarter end		-
7.6	<p>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.</p> <p>Unsecured Director loan of \$100k provided on an interest free basis expiring 30 June 2023. Unsecured Shareholder loan of \$138k provided at 6% interest per annum expiring 9 August 2023.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(917)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,892)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,809)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,240
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,240
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.15
	<p><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></p>	
8.8	<p>If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>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.</p>	

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 capacity to place, without shareholder approval, 110,358,200 ordinary shares in accordance with ASX Listing Rule 7.1 and 139,240,333 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 January 2023

Authorised 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.