



## SEPTEMBER 2023 QUARTERLY ACTIVITIES REPORT

- Jade advanced a number of activities ahead of gas pilot production, with progress made during the quarter, including:
  - Drilling of all four vertical production wells required for the upcoming pilot production program;
  - 105km 2D seismic survey over the Red Lake contingent resource area;
  - Ancillary drilling equipment including casing, wellheads, drill bits mobilised to site;
  - Analysis of samples from the extended production of Red Lake-5 and 7; and
  - Ongoing evaluation of core to determine gas content and permeability measurements at coreholes.
- Significant gassy coal intersections continued, with:
  - Red Lake Area (holds 246 Bcf<sup>1</sup> unrisked Gross 2C Contingent Resource)
    - 25.0m of gassy coal intersected (Red Lake-15)
  - Vista Area
    - 35.5m of gassy coal intersected (Vista-3)
- Board appointments finalised to enhance corporate capability as the Company transitions its focus toward initial gas production
- \$2.97M cash at bank at 30 September 2023.

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

### Drilling Completed for Production Wells

Red Lake-15 is the final vertical well in the pilot project drilling program. The well was spudded on 22 August and reached Total Depth (**TD**) of 563.9m on 5 September. The well intersected 25.0m of gassy coal in target seam 0, between 524m and 551m, with 32 coal core samples recovered for gas desorption measurement and compositional sampling at Jade's on-site laboratory. The well has been logged and a drill stem test was undertaken. The well will be left suspended awaiting drilling of the horizontal well program.

<sup>1</sup> Refer ASX Release dated 23 August 2022. The Company confirms that it is not aware of any new information or data that materially affects the information included in this market announcement and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

#### Directors

The four vertical production wells required for the upcoming Pilot Production program (Red Lake-5, 7, 11, and 15) are now completed. Each horizontal well will have a lateral section of around one kilometre which is designed to provide a much larger exposure to the gassy coal intersection when compared with a vertical well. The Pilot Production program is expected to take between three to six months, after which, commensurate with commercial discussions, the Company will advance to a potential reserve booking.

The extended production testing of Red Lake-5 and Red Lake-7 was successfully concluded during the quarter, with both wells now shut-in awaiting clean-out prior to running ranging tools. These tools, run in the well on wireline, will guide the drilling of the lateral wells to ensure intersection with the vertical wells.

### **Pilot Production Program**

Jade's drilling contractor, Major Drilling, who have significant experience in Mongolia, mobilised their Schramm TXD 200 drilling rig which is enroute to the Red Lake area after departing a port in Chile, South America in August. The TXD 200 is a fit for purpose oil and gas rig with directional capabilities due to its 200,000lbf capacity, and will be the first rig of its type to be used in Mongolia. The rig has the ability to effectively drill greater than 1,000m lateral wells.

Jade expects to spud the first well of the Horizontal Pilot Production program in November 2023. The campaign will target the proven gas containing Seams 0 and III to connect with Jade's previously drilled vertical production wells (Red Lake-5, 7, 11, and 15). Well planning and drilling preparations are at an advanced stage, incorporating expert well design and engineering consultants in Brisbane, with efforts currently focussed on lease preparation, upgrades to pumping equipment for the higher flow rates from the horizontal wells, and winterisation of rig and ancillary equipment necessary for the expected cold conditions during November and December.

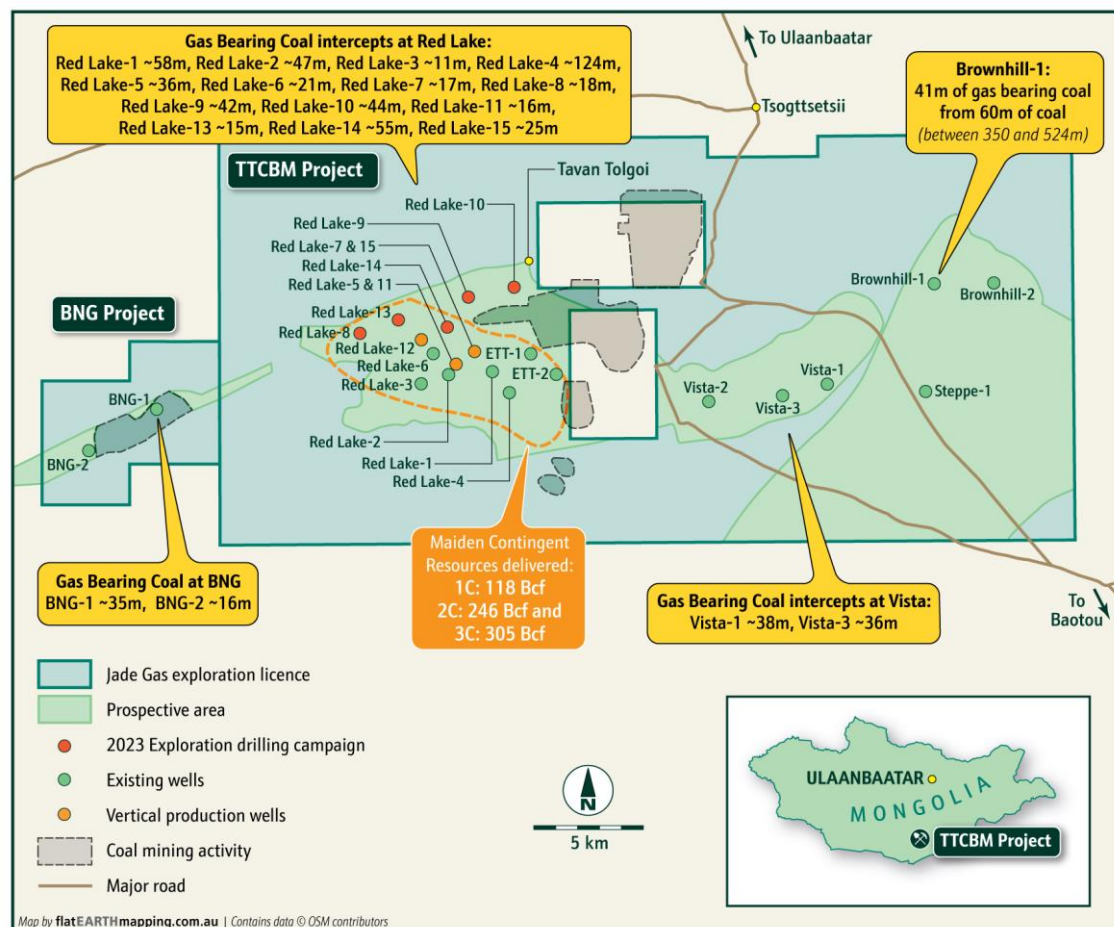


Figure 1 – Permit areas showing location wells drilled to date.

(Note: Red Lake 7 & 11 interval is seam III (seam 0 not drilled), Red Lake 15 interval is seam 0, Red Lake 7 interval corrected from 62 (total coal) to 17m (gas bearing)).

## Vista Area Drilling

Drilling reached TD at the Vista-3 well of 942.5m. 35.5m of gassy coal was recovered from seams between 583m and 900m, with the result being one of the largest gas bearing coal intercepts recorded from the Vista area of the TTCBM Project. Core recovered from the gassy seams is currently undergoing gas desorption testing at the Company's on-site desorption laboratory.

Vista-2, the shallowest planned well in the program to date, was also completed and drilled to 252.5m, and whilst intersecting 32.7m of coal, the gas content present is negligible. Results from Vista-2 will be further analysed and factored into the assessment and forward drilling plan for the area.

## Vista Area Potential

The Vista area is located 25km east of the Red Lake area and was first drilled in 2022. Gas was confirmed to be present in the targeted coal seams with 38.25m of gas bearing coal recorded in Vista-1 (ASX Announcement 1 September 2022). Considering the results of Vista-1, which demonstrate the gas potential for the area, follow-up drilling was planned in the 2023 exploration program. With further success now confirmed at Vista-3, the Vista area has the hallmarks of a Red Lake analogue which could add to the contingent resource of the TTCBM Project, which currently holds a significant 246 Bcf<sup>1</sup> unrisked Gross 2C Contingent Resource.

Drilling continues at the Vista area with Vista-4 and Vista-5 spudded during the quarter and potential for an additional well planned for Q4. Preparation for the Pilot Production program at Red Lake continues to run in tandem with the exploration drilling at Vista.

### **Red Lake Area 2D Seismic Survey Completed**

Jade's Seismic Survey covering the Red Lake 246 Bcf<sup>1</sup> contingent resource area in the south Gobi region of Mongolia, was completed on time and on budget by specialist Mongolian contractor Geosignals LLC.

A total of 105km of high quality 2D seismic data was acquired which will provide enhanced geological data coverage of the Red Lake area in the TTCBM Project. The data acquired is an important component to assist our technical team as they finalise planning for the upcoming pilot lateral well drilling.

The 2D survey is key to optimising success of the project by identifying potential changes in the coal seam along the path of the wells based on the seismic response. Specifically, the 19-line survey was designed to:

- Delineate the coal seams to assist with steering the forthcoming lateral wells in the target seams, maximising contact with the coal and de-risking the wells by identifying potential geological hazards before drilling;
- Better visualise the structure of the entire Red Lake area, looking for structural flexes that may indicate areas of improved permeability; and
- Identify potential zones of seam thickening where resource concentration will be higher.

Renowned data processing company, Earth Signal Processing Ltd, was engaged to process the seismic data from the survey, with interpretation commenced with results expected in Q4 CY2023.



*Figure 2 – Photo of the Geosignals Vibroseis unit with the Tavan Tolgoi Coal Mine in background and electricity transmission lines visible across the permit area.*



## CORPORATE

### Key Board Appointments Finalised

As announced on 28 June 2023, Jade finalised two key appointments with both Dr Ian Wang and Mrs Uyanga Munkhkhuyag joining the Board. This followed Mr Dennis Morton move to Executive Chairman. The enhanced Board and company leadership structure was designed to better reflect Jade's operating requirements as it transitions focus toward initial gas production.

### Statement of Commitments

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

Item	Project expenditure to date as of 30 September 2023 (\$'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 <sup>1</sup>	5,428	4,327
Administration and working capital	2,070	2,070
<b>Total (Prospectus)</b>	<b>8,354</b>	<b>7,500</b>
TTCBM Project 2022 program	3,156	3,300
2023 Long lead items	500	500
Shivee Gobi Permit	18	300
Eastern Gobi Permit	28	300
Corporate and administration	2,300	2,300
<b>Total (Placement 28 April 2022)</b>	<b>6,002</b>	<b>6,700</b>
2023 Long lead items and 2D Seismic	1,266	2,200
Corporate and administration	800	800
<b>Total (Placement 2 November 2022)</b>	<b>2,066</b>	<b>3,000</b>
2023 Pilot Production Program	6,830	7,718
Corporate and Administration	1,773	3,000
<b>Total (Placement 14 March 2023)</b>	<b>8,603</b>	<b>10,718</b>

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 extending drilling times, 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 the payments to related parties of the Company as per item 6.1 of the attached Appendix 5B was \$199k for the period ended 30 September 2023. These payments are for Directors fees, salary and superannuation.

## Financial

Cash at bank at the end of 30 September 2023 was A\$2.97 million. Exploration & evaluation expenditure for the quarter was \$3.14 million related to the pilot production program.

## Schedule of Tenements – Mongolia

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

**- ENDS -**

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

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## About Jade Gas Holdings Ltd

Jade Gas Holdings Limited is a gas exploration company focused on the coal bed methane (**CBM**) potential of Mongolia. Jade's flagship project is the Coal Bed Methane gas project over the Production Sharing Agreement (**PSA**) area of Tavantolgoi XXXIII unconventional oil basin, (**TTCBM Project**). Jade 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 permit (Jade 60%, Erdenes Methane LLC 40%), located in the South Gobi region of Mongolia.



Jade's JV 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 JV 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.

Jade recently acquired two new prospective CBM permits, Shivee Gobi and Eastern Gobi. Both permits cover an area of over 18,000km<sup>2</sup> and are well located within existing coal basins and near coal deposits and mines.

It is the strategy of Jade to seek to develop all of its projects so that gas produced may, in the long-term, provide a reliable supply option to the oil and gas product market and the power sector in Mongolia, both to the capital city of Ulaanbaatar and also regional areas. Achievement of this strategy would partially displace the imported gas and gas liquid products, reduce higher carbon emitting fuel sources such as coal and diesel, the result of which would be the improvement in air quality of Ulaanbaatar city and other towns.

Supporting Mongolia's energy transition is a key priority for Jade, and success will result in:

- Improving Mongolia's energy independence
- Supporting Mongolia's significant future energy demand growth
- Decarbonizing the economy by improving the energy mix with cleaner fuel sources
- Environmental and health benefits for the people and country of Mongolia.



## Appendix 5B

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

Name of entity	
JADE GAS HOLDINGS LIMITED	
ABN	Quarter ended ("current quarter")
55 062 879 583	30 SEPTEMBER 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(405)	(1,667)
	(e) administration and corporate costs	(553)	(1,212)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	19	74
1.5	Interest and other costs of finance paid	-	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (BAS refund)	47	172
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(892)</b>	<b>(2,637)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(46)	(377)
	(d) exploration & evaluation	(3,136)	(7,714)
	(e) investments	-	-
	(f) other non-current assets	-	-





<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3,182)</b>	<b>(8,091)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,718
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	36
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(149)
3.5	Proceeds from borrowings	-	4
3.6	Repayment of borrowings	(244)	(244)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(244)</b>	<b>10,365</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7,080	3,240
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(892)	(2,637)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,182)	(8,091)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(244)	10,365



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	206	91
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,968</b>	<b>2,968</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,968	7,080
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,968</b>	<b>7,080</b>

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	199
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other – Director & Shareholder Loans	-	-
7.4	<b>Total financing facilities</b>	<b>-</b>	<b>-</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>-</b>
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.		



8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(892)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,136)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(4,028)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,968
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,968
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.74
<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, the Company expects to have similar net operating cashflow as the drilling campaign is expected to commence.	
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?	
	The Company is in advanced negotiations and is currently in a trading halt pending an announcement in connection with its financing initiatives which will ensure appropriate funding is available. The Company expects to come out of the trading halt and announce details of the financing on 2 November 2023.	
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, refer to 8.8.2 above.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

## Compliance statement

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

Date: 31 October 2023

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.
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.