



SEPTEMBER 2024 QUARTERLY ACTIVITIES REPORT

Highlights

- **Advancement toward initial gas production by commencement of the Phase One, four lateral production well program at the Red Lake gas field**
- **20 well gas production partnership term sheet signed with Chinese drilling services company DWK to accelerate Phase two development**
- **In total, 175 wells are planned for the Red Lake area with a pathway now established for early gas sales and longer-term optionality to fund future development across Red Lake and other permit areas**
- **Jade is focused on monetising its gas assets by sale into a local gas market with high demand, in particular for Liquefied Natural Gas (LNG) conversion and sale as a diesel replacement for trucking in the South Gobi region**
- **\$6.6m of the \$11m UBM convertible note drawn down with \$4.4m remaining**

Jade Gas Holdings (ASX:JGH, **Jade** or the **Company**) provides its September 2024 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.

Initial Gas Production Program – Phase One

Jades' Red Lake gas field development plan is focused on establishing commercial gas production and near term gas sales. The Company commenced its initial four lateral production well program that aims to confirm commercial gas production and establish gas reserves. The four lateral production wells are each planned to be drilled and completed with, up to a 1km of horizontal section within the coal seam.

The production well program includes a monitoring well (Red Lake 16) with a planned total depth of 420m. This well will be used to monitor:

1. Dynamic parameters during production, (eg: pressure and permeability);
2. Interference between wells will provide information to design optimal spacing for future production drilling;
3. Data used for reserve calculations and reservoir modelling.

The early gas production drilling program is designed to take advantage of growing customer demand for gas in Mongolia with close customer markets that have an immediate and demanding need for gas. Jade has a number of partnerships in place for future gas sales from the TTCBM Project, with HK-Listed Mongolian Mining Corporation (**MMC**) (ASX Announcement 29 February 2024), and UB Metan LLC (**UBM**) (ASX Announcement 8 March 2024). The displacement of diesel continues to remain a priority demand segment, with Liquefied Natural Gas (**LNG**) to play a major role in the South Gobi region.

Directors

The drilling pad for the 4 lateral gas production wells, has been constructed. The operational phase comprises the drilling of the surface holes followed by the horizontal production section. All four gas production wells are being drilled to a Total Depth of approximately 1,700m measured depth (MD) including a planned 1,000m lateral section.

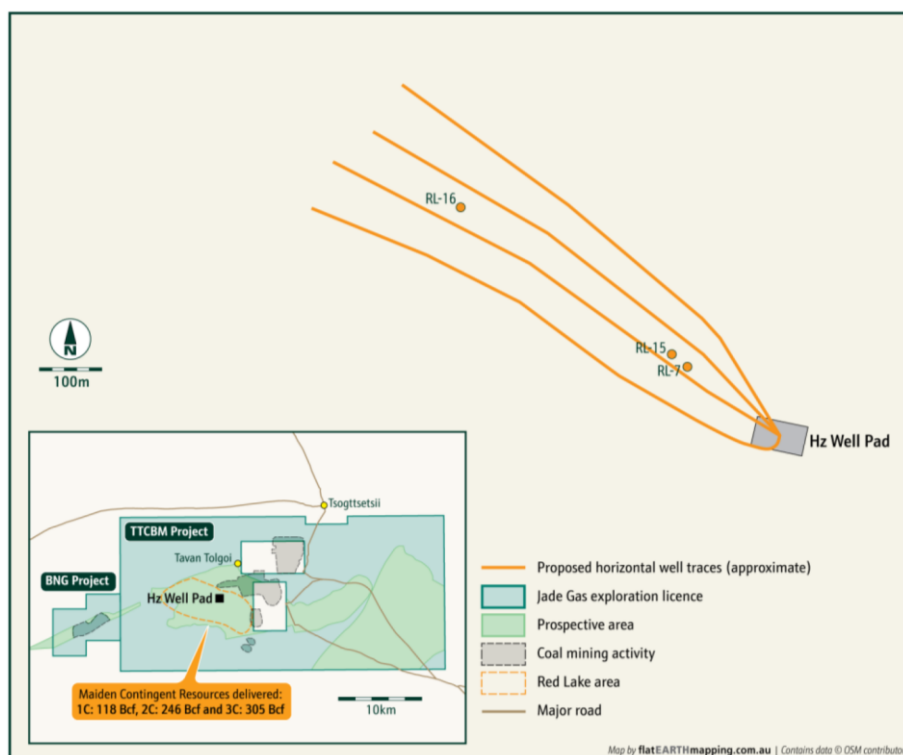


Figure 1 - Hz Well Pad Location at TTCBM

DWK Gas Production Partnership

Jade is moving directly to resource development as a part of its focus on fast tracking the pathway to gas production. During the Red Lake well design and planning phase with DWK for the initial 4 production wells, it was evident that DWK not only understood the technical requirements, but also shared Jade's view on the commercial value of the resource at the Red Lake gas field.

Jade subsequently signed a non-binding term sheet for a major gas production partnership with DWK for the development of the Red Lake gas resource (ASX Announcement 15 July 2024). The commercial transaction is contingent on the outcome of the first four gas production wells. The planned 20 production well drilling and completion program will then commence once regulatory approval has been received. The deal will essentially see DWK commit to funding the capital required to drill and commission the next 20 production wells at Red Lake.

The Company aims to replicate the success demonstrated by DWK's previous experience with coal bed methane production wells in the Qinshui Basin, China. The successful gas well development at Qinshui has been established over a 20 year period by the drilling of thousands of coal seam gas production wells. DWK's assessment of the Red Lake Gas Project technical parameters and conditional agreement to fund 20 gas production wells provides the Company with confidence that DWK will be able to replicate the Qinshui Basin gas development success at Red Lake.

With the formalising of the Gas Production Partnership there will be a number of potential and significant advantages:

- Minimal upfront capital outlay would be required by Jade to deliver a substantial number of production wells and ultimately meaningful first revenues;
- Jade would retain its current project operatorship and ownership stake;
- Provides Jade with a pathway to earlier gas sales and long-term optionality with respect to its ability to fund future development across Red Lake and other permit areas; and
- The Partnership covers only a small portion of the phase of development drilling of a plan for 175 wells at Red Lake (subsequent phases of development drilling subject to approval by MRPAM).

The non-binding terms provide that the revenue sharing arrangement and term of the Partnership will be agreed under a binding service and revenue sharing agreement which the parties intend to negotiate and enter before 1 December 2024

Red Lake Development Plan

The Red Lake area alone hosts a Gross Contingent Resources estimate of 1C / 118 Bcf, 2C / 246 Bcf and 3C / 305 Bcf¹, which was the largest Contingent Resources for coal bed methane in Mongolia booked at the time (see ASX Announcement 23 August 2022). In addition to the initial 4 well production program underway, Jade's technical planning envisages that a further 171 production wells will be completed during further phases of the Red Lake development. Partnering with an experienced integrated services company like DWK will help fast track development of the current Red Lake gas resource. Under the Partnership with DWK, 20 production wells are anticipated which makes up only a small portion of the total 175 production wells planned.

The planning of the additional 171 production wells will need to be approved as part of the Company's upgrade to its detailed Environmental Impact Assessment (EIA) which was last approved in 2021.

The DWK Partnership provides a cost effective and low capital dilutive option to develop the Red Lake gas resource. Importantly, the 20 production wells offer the ability to achieve first meaningful revenues that could assist to fund future development in the Red Lake area.

Corporate

Half Year Report

Jade released its half year report during the quarter. A copy can be found at the Company's website under the Investors/Reports/Half- Yearly-Reports section.

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 \$77k for the period ended 30 September 2024. These payments are for Directors fees, salary and superannuation.

¹ The Contingent Resources referred to in this announcement were first reported by the Company on 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.

Financial

Cash at bank at the end of 30 September 2024 was A\$0.65 million. Exploration & evaluation expenditure for the quarter was \$2.26 million.

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

Mining Tenements disposed: Nil

Beneficial percentage interests held in farm-in or farm-out agreements: Nil

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed: Nil

- 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 operates and manages 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 TTCBM Project has a 2C Gross Unrisked Contingent Resource of 246 Bcf*.



Jade also entered into a JV with Hong Kong listed Mongolia Mining Corporation Limited (MMC), for the CBM rights over MMC's Baruun Naran coal mine, immediately adjacent to the TTCBM Project, called the BNG Project. MMC is Mongolia's largest publicly traded miner with a vision is to become the country's largest diversified mining company. With a known coal resource and operating mine at Baruun Naran, Jade is working with MMC to further appraise and determine the commercial pathway for gas in this project.

Furthermore Jade holds two prospective CBM permits, Shivee Gobi and Eastern Gobi. Together the permits cover an area of over 18,000km² and are well located within existing coal basins and near coal deposits and mines.

Jade's strategy is to develop all of its projects so that gas produced may, in the long-term, provide an economically viable and reliable supply option to the power and transport sectors in Mongolia, initially in the South Gobi. The Company is pursuing multiple commercialisation options to participate in the heavy vehicle transport and power sectors through both compressed and/or liquified natural gas projects. Achievement of Jade's strategy will displace the heavy reliance on imported gas and gas liquid products, especially diesel fuel, and coal fired power. This will increase the security of energy supply for Mongolia as well as provide significant improvement in air quality and other environmental outcomes.

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.

* 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.



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 2024

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	-	-	-
1.2 Payments for			
(a) exploration & evaluation	-	-	-
(b) development	-	-	-
(c) production	-	-	-
(d) staff costs	(337)	(1,088)	
(e) administration and corporate costs	(274)	(1,092)	
1.3 Dividends received (see note 3)	-	-	-
1.4 Interest received	-	8	
1.5 Interest and other costs of finance paid	-	-	-
1.6 Income taxes paid	-	-	-
1.7 Government grants and tax incentives	-	-	-
1.8 Other	8	23	
1.9 Net cash from / (used in) operating activities	(603)	(2,149)	
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	-	-	-
(b) tenements	-	-	-
(c) property, plant and equipment	-	-	-
(d) exploration & evaluation	(2,261)	(4,432)	
(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	-	-
	(c) property, plant and equipment	-	41
	(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	(2,261)	(4,391)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	2,882	5,020
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	2,882	5,020

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	665	2,130
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(603)	(2,149)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,261)	(4,391)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,882	5,020
4.5	Effect of movement in exchange rates on cash held	(31)	42
4.6	Cash and cash equivalents at end of period	652	652



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	652	665
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)	652	665

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	77
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		
	Convertible note facility	11,000	6,618
7.4	Total financing facilities	11,000	6,618
7.5	Unused financing facilities available at quarter end		4,382
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.		
	Convertible note facility with UB Metan LLC for \$11,000,000. The Notes are unsecured, incur interest at 10% per annum, convert at \$0.045 and have a maturity date of 12 months from the date the funds are received in full. Refer to ASX announcement dated 2 November 2023.		



8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(603)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,261)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,864)
8.4	Cash and cash equivalents at quarter end (item 4.6)	652
8.5	Unused finance facilities available at quarter end (item 7.5)	4,382
8.6	Total available funding (item 8.4 + item 8.5)	5,034
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.7
<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	
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 currently has sufficient placement capacity to be able to undertake a capital raising if and as required. Based on previous funding initiatives which have been well supported, the Company believes any steps taken would be successful in raising the funds required to continue with the planned level of operations.	
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, for the reason noted in 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 2024

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.