



**JADE GAS**

# **Capital Raising Investor Presentation**

**(ASX: JGH)**

**April 2022**

**[JADEGAS.COM.AU](http://JADEGAS.COM.AU)**

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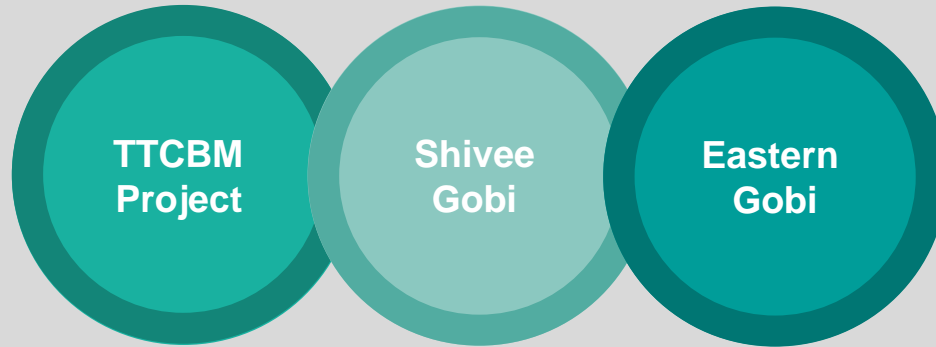
All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

## **Competent Persons Statement**

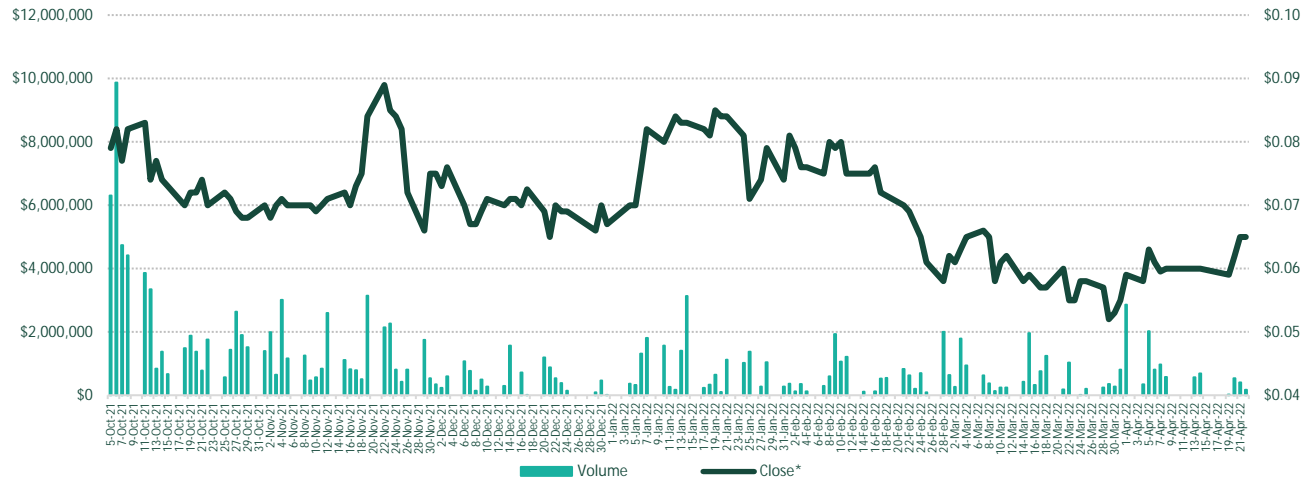
The hydrocarbon resource estimates in this presentation have been compiled by Mr Adam Craig who is an employee of RISC as part of the Independent Technical Specialists Report prepared for the Prospectus dated 14 July 2021. Mr Craig is a highly experienced Geoscientist and Manager, with over 30 years’ experience in the upstream oil & gas sector working for small and mid-size independents, as well as NOC related entities. He is a Certified Practising Geologist, a member of AAPG, PESA (2021 WA Branch President), EAGE, MAICD, and a Fellow of the Geological Society. He holds BSc in Geology from Curtin University, Western Australia and is a qualified petroleum reserves and resources evaluator (QPRRE) as defined by ASX listing rules.

# Corporate Summary

## Three Core CBM Assets



## Share Price



## Capital Structure

ASX Ticker	<b>JGH</b>
Share price – 22 April 2022	\$0.065
Shares on issue	1,209m
Options and performance shares	164m
<b>Market Capitalisation</b>	<b>\$78.6m</b>
Cash (at 31 December 2021)	\$4.37m

## Management Team

Chris Whiteman	GM Commercial
Mark Pitkin	GM Technical
Justin Green	Financial Controller & CoSec

## Board of Directors

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

# Investment Highlights



## COMPELLING OPPORTUNITY TO DEVELOP NEW GAS ASSETS

Targeting natural gas from three coal seams of interest at TTCBM Project, with a Prospective Resource of 1.0 Tcf of gas.



## DEFINED WORK PROGRAM CURRENTLY UNDERWAY

Six well drilling campaign to deliver contingent resource booking and followed by pilot production program.



## NEW PERMITS ADD SCALE TO EXISTING TTCBM PROJECT

New permits located over existing coal deposits provide significant upside to CBM exposure and potential.



## MONGOLIAN ENERGY MARKET POSITIVE TAILWINDS

Mongolian Govt determined to build a domestic gas market to deliver an independent and cleaner source of energy for its people.



## TEAM IN PLACE WITH THE RIGHT EXPERIENCE TO DELIVER

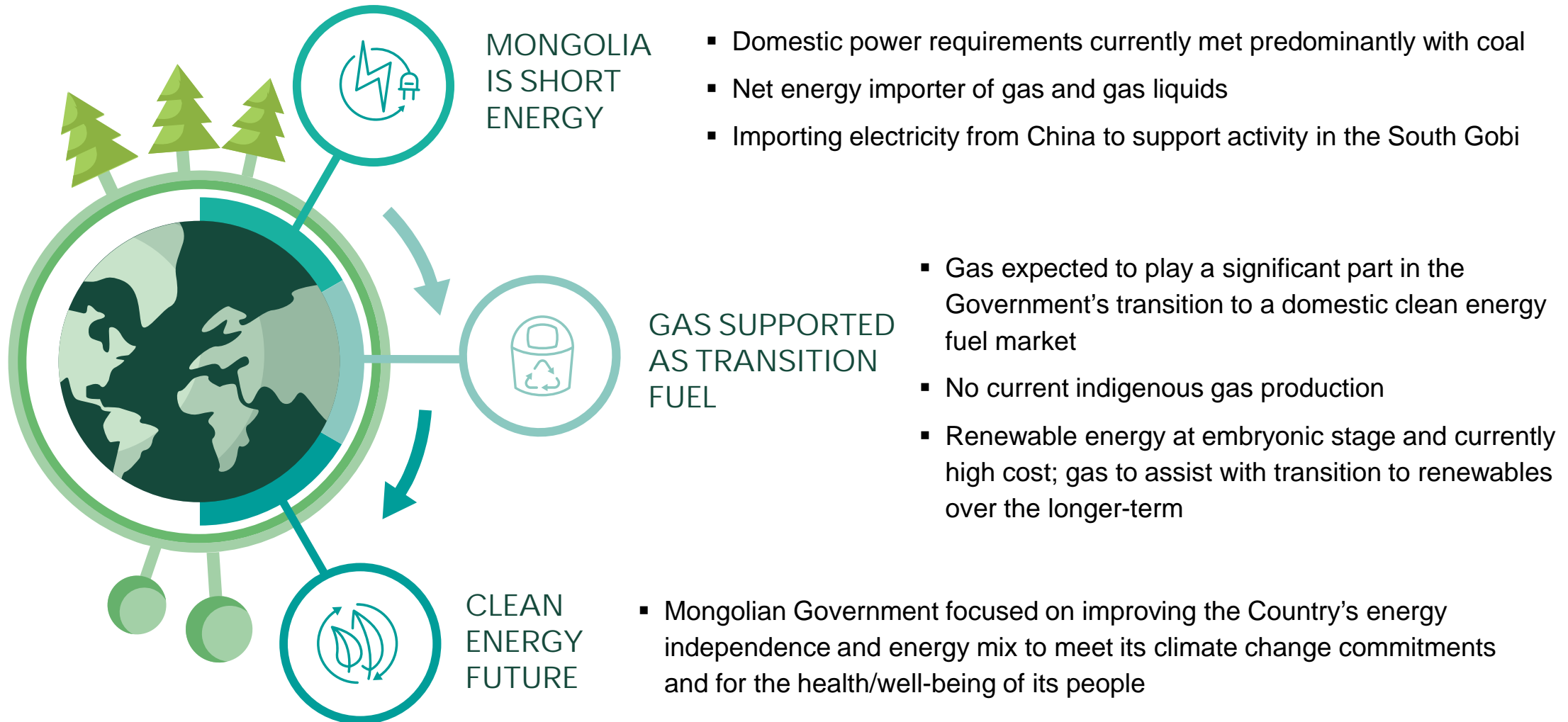
Small and experienced team confident of delivering game changing first gas production for Mongolia.



## STRATEGIC PARTNERSHIP WITH MONGOLIAN GOVERNMENT

Partnerships with regulator MRPAM (PSA), and SOE Erdenes Methane LLC, reflects strategic importance of TTCBM Project.

# Mongolia Seeking Cleaner Independent Energy Supply



# Quality Portfolio of Mongolian CBM Permits

## Three high quality permits covering in excess of 18,000km<sup>2</sup> in existing coal basins

### Tavan Tolgoi Coal Bed Methane gas project

- Jade (60%) is near completion of a six well drilling program at its flagship TTCBM Project in the South Gobi region of Mongolia
- Defining coal seam extensions from the Tavan Tolgoi coal mine
- Four wells completed of a six well program
- Up to 98% Methane, gas content of 11-15m<sup>3</sup>/t and gas bearing coals of up to 65 metres per well

### Shivee Gobi Permit

- 100% ownership; permit area of 8,317 km<sup>2</sup>
- Sizeable coal deposits and CBM potential within known coal basin

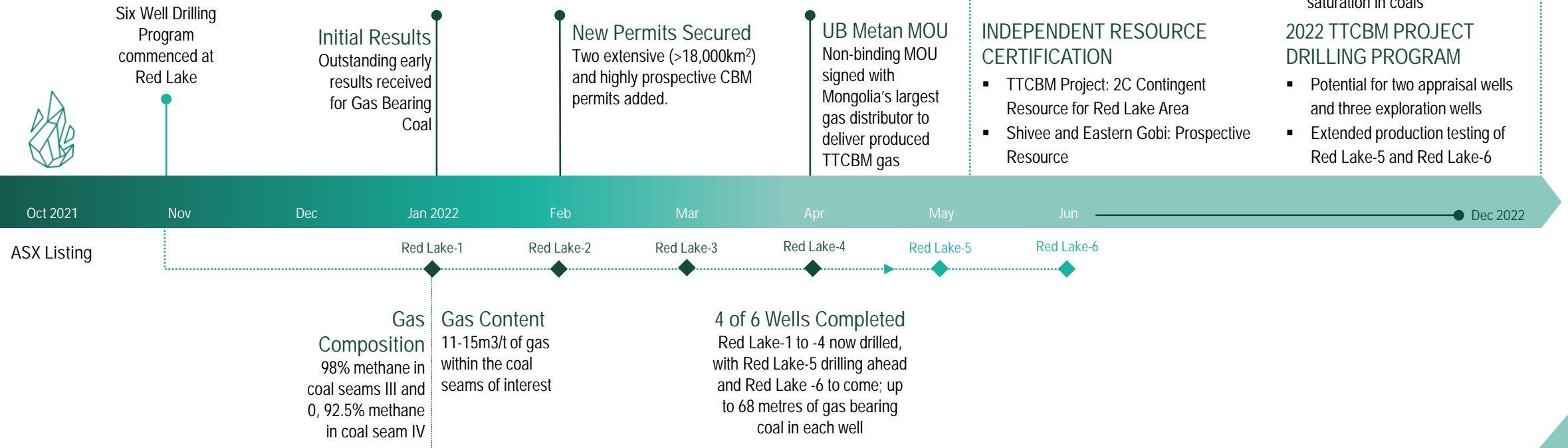
### Eastern Gobi Permit

- 100% ownership; permit area 9,691 km<sup>2</sup>
- Sizeable coal deposits and CBM potential within known coal basin

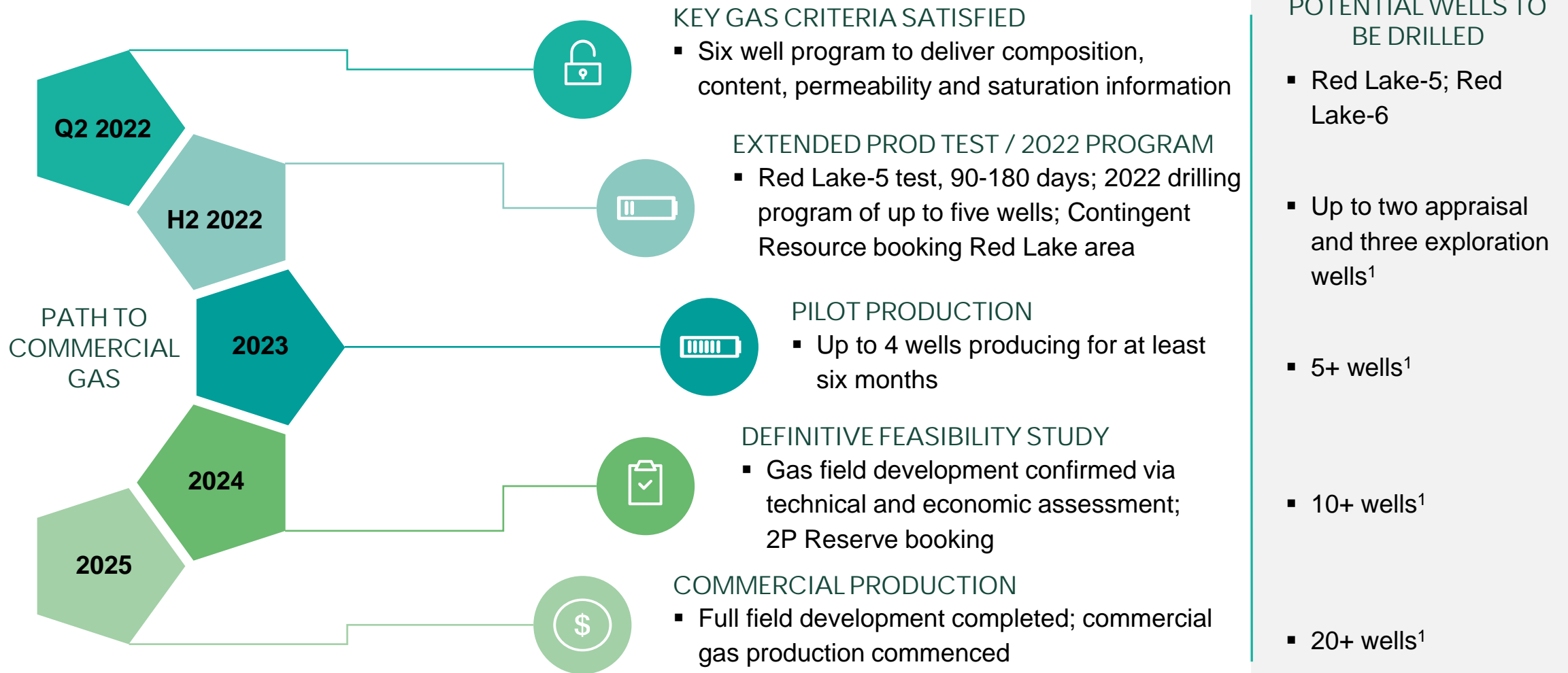


# Milestones and Catalysts

## Key milestones delivered quickly following listing with further near-term catalysts in progress



# TTCBM Project: Path to Commercial Gas Production



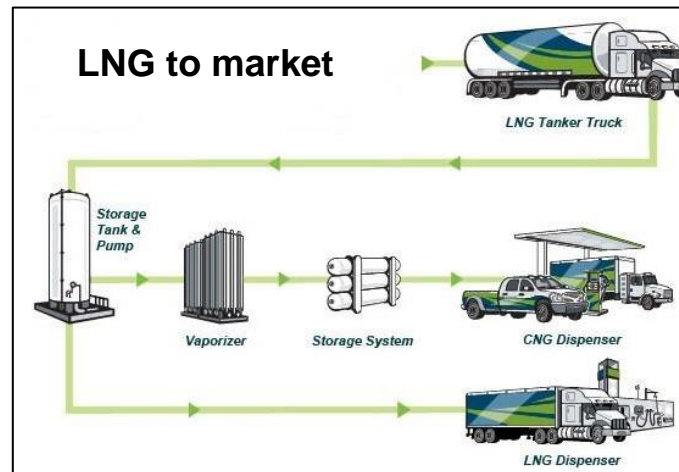
1. Estimates only, not yet approved by the regulator MRPAM



# MOU signed with UB Metan LLC

## UBM delivers connectivity to commercial gas sales for TTCBM Project

- Non-binding gas offtake memorandum of understanding signed with UBM
- UBM is Mongolia's largest importer of LNG, largest gas distributor and a Jade shareholder
- MOU delivers a framework for TTCBM Project commercial gas sales
- Both parties to work toward a binding long-term gas sales agreement on commercial terms (post 2023 pilot production program at TTCBM)
- Aligned partnership focused on delivery of independent cleaner energy for Mongolia
- UBM to potentially provide infrastructure to support on-site compression of natural gas (CNG)
- CNG to be transported to Ulaanbaatar, nearby towns and mining sites



View of commissioned L-CNG fuelling station



LNG Storage Tanks

Pump station



Bus fuelling



# Assets



# TTCBM Project

## High gas content and composition with thick gas bearing coal seams of interest

- TAVANTOLGOI-XXXIII Production Sharing Agreement (PSA): 665 km<sup>2</sup> area over the Tavan Tolgoi coal field (Jade 60%)
- Eight wells drilled by Jade in 2019 defined targets for current drilling
- PSA awarded in October 2020, with tenure up to 30 years
- Gas bearing coal seams may extend through ~220 km<sup>2</sup> of coal fields to south and southeast of the PSA area
- Four of six wells drilled to date; up to 68 metres of gas bearing coals; 92.5%-98% methane; gas content of 11-15m<sup>3</sup>/t
- Permeability test work ongoing, gas saturation measurements expected within months
- Permian coals within permit are similar in age to Bowen Basin, Qld

### TTCBM Prospective Resources<sup>1</sup>

	Unit	Low	Best	High
Gross	Bcf	216	1,044	3,062



1. Prospective resources are undiscovered and have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. An Independent Technical Specialist Report (ITSR dated 24 June 2021, RISC Advisory) was provided in the Jade Prospectus (14 July 2021) and contains further detail regarding sources of and information in respect of the unrisks Prospective Resource Estimate above, which has been extracted from the ITSR. The additional information includes the basis of the probabilistic estimates, further activities to be undertaken in respect of the TTCBM Project and an assessment of risks associated with the estimates. Jade has a 60% interest in MGR however the Net outcome for MGR is dependent upon the sharing requirements of the PSA which vary according to production rate, capital costs, operating costs and pricing and are therefore currently indeterminate.

# TTCBM Project Drilling Program – 2021/22

## Current six well drilling program focused on delivering contingent resource certification

### Red Lake-1

- Total depth (“TD”) at 1,012 metres; 145 metres of coal core recovered; 58 metres gas bearing
- Gas composition: 98% methane in seam III and 0, 92.5% methane in seam IV; gas content of 11-15m<sup>3</sup>/t

### Red Lake-2

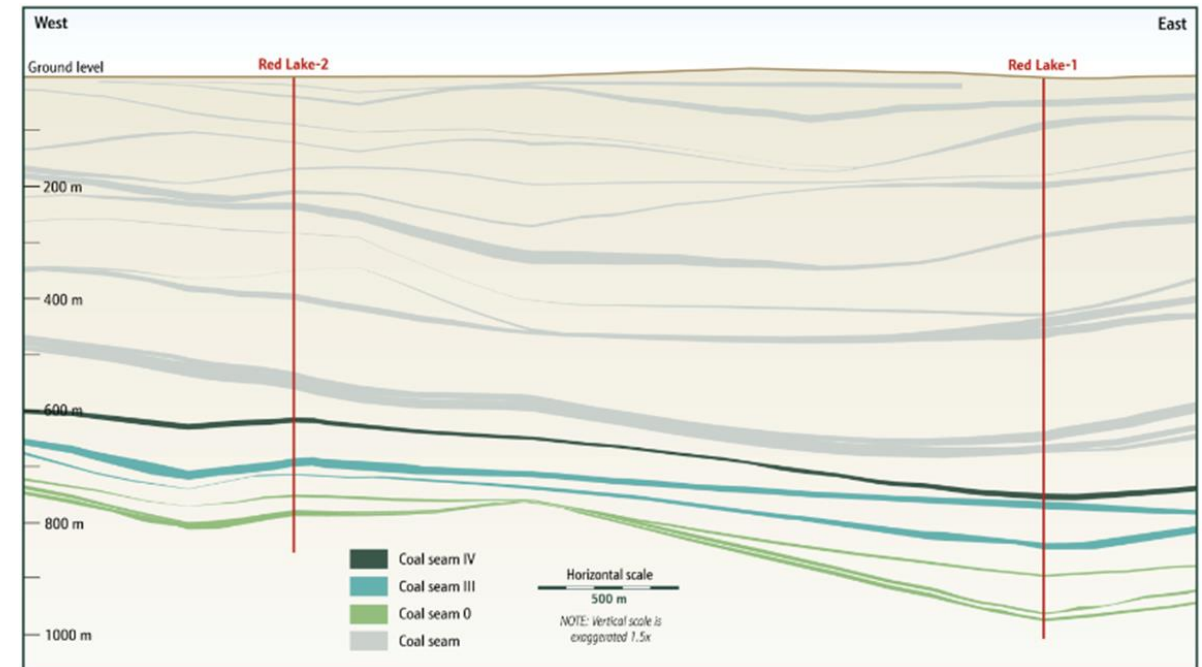
- TD at 790 metres; 131 metres of coal core recovered; 47 metres gas bearing

### Red Lake-3

- TD at 702 metres; 82 metres of coal core recovered; 30 metres gas bearing

### Red Lake-4

- TD at 864 metres; 182 metres of coal core recovered; 65 metres gas bearing

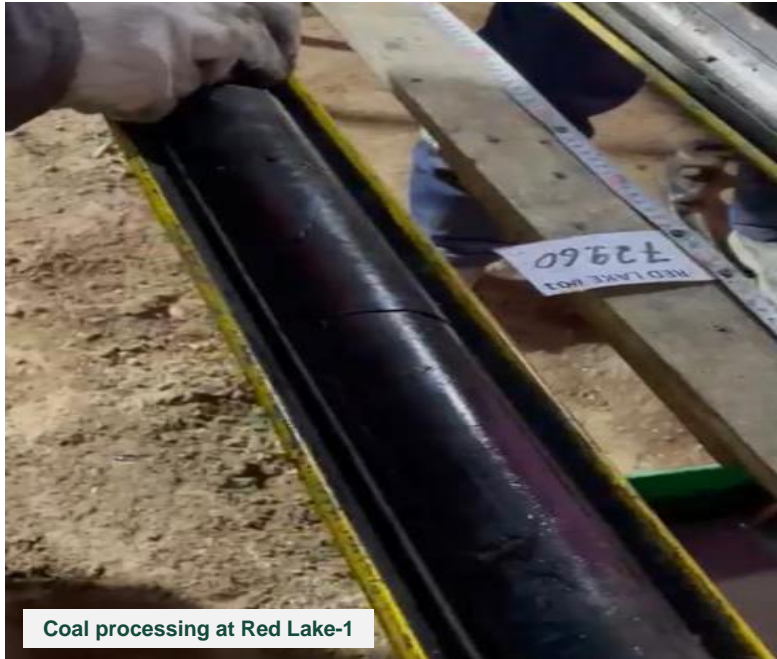


Evaluation program underway and seeking to understand:

- Gas desorption: to assess gas content
- Permeability: to identify ease of fluid flow through the coals
- Gas saturation: via isotherm analysis



# TTCBM Project Drilling Program – 2021/22



Coal processing at Red Lake-1



Safety Briefing



TTCBM Project Camp



Red Lake-1 Drilling



Winter Drilling Prep



Mobile Lab



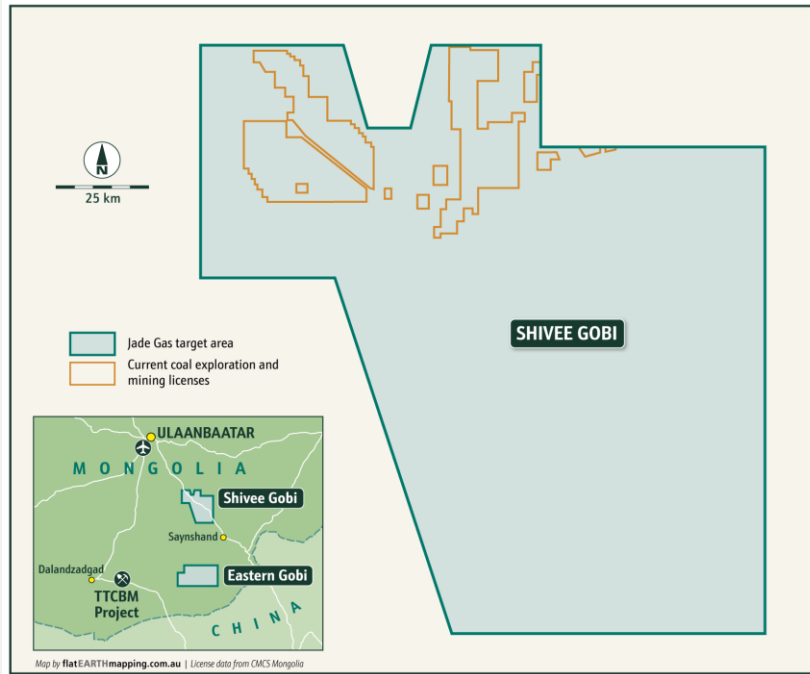
Mobile Lab Operations



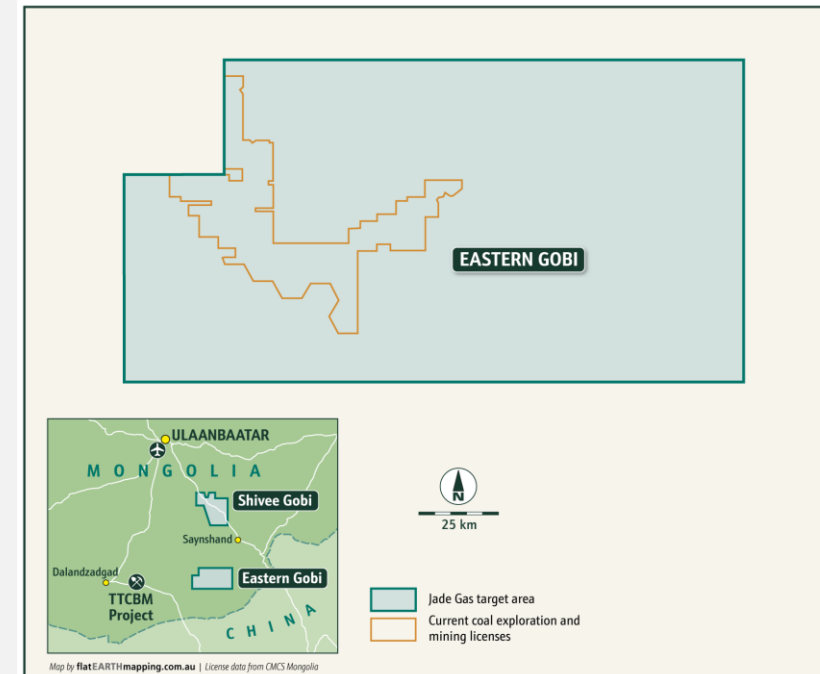
Technical Team

# Shivee and Eastern Gobi Permits

**Areally extensive and highly prospective permits located in known coal basins**



- 100% ownership; permit area 8,317 km<sup>2</sup>
- Second largest coal mine in Mongolia within permit
- Expenditure of US\$110k for first three years



- 100% ownership; permit area 9,691 km<sup>2</sup>
- Significant coal deposits located within permit boundary
- Expenditure of US\$160k for first three years



# Key Raising Details



# Uses of funds - \$6.7 million

## Fast tracking and expanding exploration and appraisal of TTCBM Project and new permits

### TTCBM PROJECT \$3.3 million

- Upgraded 2022 program with three exploration wells, two appraisal wells
- Expanded testing capability

### SHIVEE GOBI \$0.3 million

- Further desktop analysis
- Two potential exploration wells

### EASTERN GOBI \$0.3 million

- Further desktop analysis
- 2D seismic
- One potential exploration well

### 2023 PROGRAM \$0.5 million

- Long lead items for drilling and pilot production
- Items include casing, well heads, pumps, pipeline

### CORP/ADMIN \$2.3 million

- Costs of capital raising
- Adelaide and Mongolian office costs
- Working capital



# Key raising details

## ~\$6.7 million raising via an Institutional Placement

<b>Offer Size &amp; Structure</b>	<ul style="list-style-type: none"><li>• Institutional Placement to raise approximately A\$6.7 million via the issue of approximately 128,000,000<sup>1</sup> new fully paid ordinary shares at A\$0.052 (“New Shares”) (“Placement”).</li></ul>
<b>Pricing</b>	<ul style="list-style-type: none"><li>• Issue Price represents:<ul style="list-style-type: none"><li>– 20.0% discount to the Jade closing price on Wednesday 22 April 2022 of \$0.065 per share</li><li>– 15.2% discount to the Jade 5-day Volume Weighted Average Price (“VWAP”) of \$0.0613 per share up to and including 22 April 2022</li><li>– 13.4% discount to the Jade 10-day VWAP of \$0.06 per share up to and including 22 April 2022</li><li>– 12.0% discount to the Jade 30-day VWAP of \$0.0591 per share up to and including 22 April 2022</li></ul></li></ul>
<b>Capital Raising Details</b>	<ul style="list-style-type: none"><li>• New Shares to be issued under the Placement, representing 10.6% of existing shares on issue and 9.6% of total shares on issue at completion of the capital raise</li><li>• UB Metan LLC to provide \$1 million as a cornerstone investor to the capital raising</li></ul>
<b>Ranking</b>	<ul style="list-style-type: none"><li>• New Shares issued will rank equally with existing ordinary shares from allotment</li></ul>

1. 121,250,000 Placement Shares to be issued under the Company's ASX Listing Rule 7.1 Placement Allocation. 6,750,000 Placement Shares to be issued following Shareholder approval at the Company's AGM as required by ASX Listing Rule 10.11

# Key raising details

## Pro-forma Capital Structure

Post-capital raise pro-forma	\$6.7m raise	
Pre-raise ordinary shares	1,209.4m	90.4%
Pre-raise market capitalisation <sup>1</sup>	\$78.6m	
Target New shares issued (Placement)	128.0m	9.6%
<b>Total Target shares post-raise</b>	<b>1,337.4m</b>	<b>100.0%</b>
Issue Price	\$0.052	
<b>Implied market capitalisation (at Issue Price)</b>	<b>\$69.6m</b>	
Cash <sup>2</sup>	\$11.1m	
<b>Implied enterprise value (at Issue Price)</b>	<b>\$58.5m</b>	
Performance rights <sup>3</sup>	25m	
Options <sup>4</sup>	139m	

1. As at last close of \$0.065 per share on 22 April 2022

2. Includes existing cash of \$4.4 million at 31 December 2021 plus \$6.7 million capital raise (excluding cap raise fees and legal costs)

3. ASX releases – 25 November 2021 (8,000,000), 16 December 2021, (16,000,000) and 4 January 2022 (1,000,000) for employee incentives.

4. ASX release 30 September 2021 - 7,000,000 options exercisable at \$0.15 expiring 30 June 2022, 90,000,000 options exercisable at \$0.045 expiring 30 June 2023 and 12,000,000 options exercisable at \$0.045 expiring 22 September 2024. ASX release 25 November 2021 - 4,000,000 options exercisable at \$0.10 expiring 31 October 2024. ASX release 4 February 2022 - 4,000,000 options exercisable at \$0.12 expiring 1 February 2025. ASX release 20 April 2022 - 12,000,000 options exercisable at \$0.09 expiring 19 April 2025. 10,000,000 broker options yet to be announced.

# Indicative Placement timeline<sup>1</sup>

Key dates	
Trading Halt	Pre-Market Tuesday, 26 April 2022
Placement Offer Opens	Pre-Market Tuesday, 26 April 2022
Placement Offer Closes (5.00pm AEDT)	Tuesday, 26 April 2022
Trading Halt lifted and announcement of Capital Raising	Pre-Market Thursday 28 April 2022
Settlement of New Shares under the Placement <sup>2</sup>	Wednesday, 4 May 2022
Lodgement of Cleansing Prospectus with ASX and ASIC <sup>3</sup>	Thursday, 5 May 2022
Issue (and normal trading) of new shares issued under the Placement	Thursday, 5 May 2022

1. All dates and times are indicative only. The Joint Lead Managers and the Company reserve the right to vary these times and dates without notice.

2. Does not include 3.0 million New Shares that will be issued to related parties and require Shareholder approval at the Annual General Meeting pursuant to ASX Listing Rule 10.11

3. The Cleansing Prospectus is required to remove any trading restrictions on the New Shares



# Investment Risks



# Investment risks

Potential investors should be aware that there are risks associated with investing in Jade. Certain risks are beyond the control of Jade and its Directors and Management and may have a material impact on Jade's future operating and financial performance, and/or the financial position of Jade, its prospects and/or the value of the Shares. Some of the key risks associated with an investment in Jade are described as follows.

<b>Exploration risk</b>	<ul style="list-style-type: none"><li>• Key to Jade's financial performance is to have success in exploring for and locating commercial hydrocarbons. Exploration is subject to technical risks and uncertainty of outcome. Jade may not find any or sufficient hydrocarbon reserves and resources to commercialise which would adversely impact the financial performance of Jade.</li></ul>
<b>Development risk</b>	<ul style="list-style-type: none"><li>• In the event that Jade is successful in locating commercial quantities of hydrocarbon through exploration, or purchases a development project, then that development could be delayed or unsuccessful for a number of reasons including extreme weather, unanticipated operational occurrences, failure to obtain necessary approvals, insufficient funds, a drop-in commodity price, supply chain failure, unavailability of appropriate labour, or an increase in costs. If one or more of these occurrences has a material impact then Jade's operational and financial performance may be negatively affected.</li></ul>
<b>COVID-19 risk</b>	<ul style="list-style-type: none"><li>• The Company has observed that in response to COVID-19, governments globally have imposed restrictions on the movement of citizens and limited non-essential services and activities. Governments around the world have also recommended or enforced restrictions on both domestic and international travel in order to slow the spread of COVID-19. Given the ongoing uncertainty surrounding COVID-19 restrictions, it is not currently possible to assess the full impact of COVID-19 on the Company's business. However, a prolonged financial reduction may impact on the commodity price and the availability of labour or other costs associated with the Company's business. These effects may be felt both domestically and internationally, for an unspecified duration. A number of aspects of the Company's business may also be directly or indirectly impacted by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with COVID-19.</li></ul>

# Investment risks (cont...)

<b>Operational risk</b>	<ul style="list-style-type: none"><li>• Adverse weather events, unforeseen increases in establishment costs, mechanical failures, human errors, industrial disputes or encountering unusual or unexpected geological formations and other unforeseen events, could lead to increased costs or delay to the Company's activities and exploration programs, or restrictions on its ability to carry out its present exploration programs. The Company will mitigate this risk by, amongst other things, taking out appropriate insurance in line with industry practice.</li></ul>
<b>Prospective resources risk</b>	<ul style="list-style-type: none"><li>• Estimating hydrocarbon reserves and resources is subject to significant uncertainties associated with technical data and the interpretation of that data, future commodity prices, and development and operating costs. There can be no guarantee that Jade will successfully produce the volume of hydrocarbons that is estimated as its Prospective Resources or that hydrocarbon resources will be successfully converted to reserves. Estimates may alter significantly or become more uncertain when new information becomes available due to for example, additional drilling or production tests over the life of field. As estimates change, development and production plans may also vary. Downward revision of Prospective Resource estimates may adversely affect Jade's financial outlook.</li></ul>
<b>Oil and gas prices risk</b>	<ul style="list-style-type: none"><li>• The price at which Jade can sell any future gas will have a material influence on the future financial performance of the Company. It is impossible to predict future commodity prices with confidence and the factors which impact it include, but are not limited to, global political situations, military conflicts, technological changes, output controls and global energy consumption which are all outside the control of Jade. A material and extended fall in realised gas prices for Jade may have an adverse impact on the Company's future financial performance, including potentially a reduction in the quantity of potential reserves.</li></ul>

# Investment risks (cont...)

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**Access to funding  
for operations risk**

- Exploration and development of hydrocarbon reserves and resources require significant capital and operational expenditure. With future growth, Jade may require funding for future commitments. There can be no assurance that the Company will be able to obtain funding as and when required on commercially acceptable terms, or at all. Failure to obtain funding on a timely basis and on reasonably acceptable terms may also cause Jade to miss out on new opportunities, delay or cancel projects, or to relinquish or forfeit rights in relation to the Company's assets, adversely impacting its operational and financial performance.

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**Regulatory risk**

- Jade's assets are currently in the Mongolian jurisdiction. The enactment of new legislation or adoption of new requirements of a governmental authority may restrict or affect Jade's right to conduct exploration and development or the manner in which such activities can be conducted, including new requirements relating to climate change and energy policy.

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**Community  
opposition risk**

- There is a risk that community disapproval may lead to direct action which impedes Jade's ability to carry out its lawful operations, resulting in project delay, reputational damage and increased costs and thus impact the financial performance of the Company.
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# Investment risks (cont...)

<b>Counterparty exposure and joint ventures</b>	<ul style="list-style-type: none"><li>• The financial performance of the Company is subject to its various counterparties or joint venture partners continuing to perform their respective obligations under various contracts. If one of its counterparties or joint venture partners fails to adequately perform their contractual obligations, this may result in loss of earnings, termination of particular contracts, disputes and/or litigation of which could impact on the Company's financial performance.</li></ul>
<b>Key person dependence</b>	<ul style="list-style-type: none"><li>• The future success of the Company depends, to a significant extent, upon the continued services of the members of the management team of the Company. There can be no assurance that the Company will be able to retain or hire all personnel necessary for the development and operation of its business. The loss of senior managers could harm the Company's business and its future prospects.</li></ul>
<b>General risk factors</b>	<ul style="list-style-type: none"><li>• Prospective investors should also consider the following risks which apply to all investments in shares:<ul style="list-style-type: none"><li>- Investment risks, such as changes in the Company's own assessment of the economics of developing its assets or the market perception of the value of the Company's assets and shares;</li><li>- Share market and liquidity risks involved in the listing and trading of shares on the ASX; and</li><li>- Economic factors including the effect on the market price of shares of movements in equities markets, commodity prices, currency fluctuations and interest rates, and local and global political and economic conditions.</li></ul></li></ul>





## **Contacts**

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Chief Executive Officer

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