



JUNE 2022 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Non-binding MOU signed with Mongolia's Largest Gas Distributor, and an existing Jade shareholder, UB Metan LLC**
- **5.4 Tcf Material gross unrisked Prospective Resources (2U best case) confirmed for the combined and recently acquired Shivee and Eastern Gobi coal bed methane permits**
- **Jade's six well drill program continues to deliver strong results this quarter, including:**
 - Impressive upward revision of gas content to 12-17 m³/t for Red Lake-1 following final assessment completed by ALS;
 - Red Lake-1: 1,012m total depth; ~58 metres of gas bearing coals recovered, with 98% methane identified in coal seam III and 0, 92.5% methane in coal seam IV;
 - Red Lake-2: 790m total depth; ~47 metres of gas bearing coals recovered;
 - Red Lake-3: 702m total depth; ~11 metres of gas bearing coals recovered in seam 0;
 - Red Lake-4: 863m total depth; ~124 metres of gas bearing coals recovered, which included seam VIII, not previously thought to be gas bearing; and
 - Completion of current six well drilling program expected in the next quarter, with finalization of Red Lake-5 and 6.
- **Contingent resource assessment process commenced targeting completion in early Q3 CY2022**
- **A\$6.7 million Placement completed to institutional and sophisticated investors with funds used to accelerate exploration and appraisal activities**
- **Corporate capability bolstered with the appointment to the Board as Managing Director of current CEO, Chris Jamieson**
- **A\$6.56M cash at bank as at 30 June 2022**

Jade Gas Holdings (ASX:JGH, **Jade** or the **Company**) is pleased to provide an update on activities at its coal bed methane gas project at the Tavantolgoi basin in Mongolia (**TTCBM Project**) for the quarter ending 30 June 2022.

MOU signed with Mongolia's Largest Gas Distributor

A non-binding gas offtake memorandum of understanding (**MOU**) was signed for potential gas sales to Mongolia's largest liquified natural gas (**LNG**) importer and gas distributor, UB Metan LLC (**UBM**), which is also an existing major shareholder of Jade. The partnership is driven by an alignment to support Mongolia's desire for improving the Country's energy independence, energy mix, and meeting climate change commitments that will ultimately improve the health and well-being of the Mongolian people.

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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

The terms of the MOU include:

- UBM to have a non-exclusive option for gas supply from initial production from Jade's TTCBM Project; and
- The parties working toward negotiating a binding gas sales agreement that will contemplate commercial terms on a long form offtake agreement (expected following the outcome of the 2023 Pilot Production program at the TTCBM Project).

The MOU sets the foundation for UBM to become an integrated partner, which could include the potential provision of necessary infrastructure to support on-site compression of natural gas (**CNG**) and transportation to Ulaanbaatar, nearby towns and mining sites.

Shivee Gobi and Eastern Gobi Permits

RISC Advisory conducted an independent Prospective Resource assessment for the Shivee Gobi and Eastern Gobi permits which was released to the ASX on 28 April 2022. Jade holds 100% of two Prospecting Agreement permits (**PAs**), covering an expansive area of greater than 18,000 km² that sit over existing coal mines and coal deposits.

The Shivee Gobi permit, covering an area of 8,317 km² located approximately 300 kilometres south of Ulaanbaatar, was estimated to contain approximately 2 Tcf of 2U unrisks Prospective Resources.

The Eastern Gobi permit, covering an area of 9,691 km² located approximately 450 kilometres south of Ulaanbaatar, was estimated to contain 3.4 Tcf of 2U unrisks Prospective Resources.

Jade has commenced physical evaluation of coal samples collected from mines within the permits as part of the first-year work program.

Permit	Field / Area	Gross Unrisks Prospective Resources (Bcf)		
		1U (Low)	2U (Best)	3U (High)
Shivee Gobi	Cretaceous brown	300	1,500	4,700
	Jurassic 'hard'	200	500	1,300
Eastern Gobi		450	3,400	18,400
Arithmetic Summation		950	5,400	24,400

Notes to the table:

1. The estimated quantities that may potentially be recovered by the application of a future development projects relate to undiscovered accumulations. These estimates 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 recoverable hydrocarbons.
2. Probabilistic methods have been used.
3. Note the totals are derived by arithmetic aggregation of the resources, as a result RISC cautions that the Low Estimate aggregate quantities may be very conservative estimates and the High Estimate aggregate quantities may be very optimistic due to portfolio effects.
4. No correction for potential inert content such as N₂ or CO₂ has been applied.
5. Resource estimates rounded to 50 Bcf.

TTCBM Project

Jade has a 60% interest in the TTCBM Project (with 40% held by Erdenes Methane LLC, a Government owned entity) and is targeting natural gas from three coal seams of interest, IV, III and 0. The drilling program will improve the Company's understanding of the central core area which has an associated Gross Prospective Resource of 1.0 Tcf² of gas.

The gas content analysis in Red Lake-1 was finalised by ALS Brisbane during the quarter resulting in a revision increasing gas content from 11-15m³/tonne (dry ash free or DAF) to 12-17m³/tonne (DAF), greater than some commercial fields in Queensland.

Red Lake-5 was spudded on 14 April 2022 and drilled to a depth of 522 metres. As announced on 30 May 2022, drilling at Red Lake-5 was suspended, with the contractor advising that a section of the drill string was stuck down hole and unable to be retrieved. The rig was moved to Red Lake-6 and at the completion of that well one further attempt will be made to recover Red Lake-5 before the well will be redrilled at the contractor's expense.

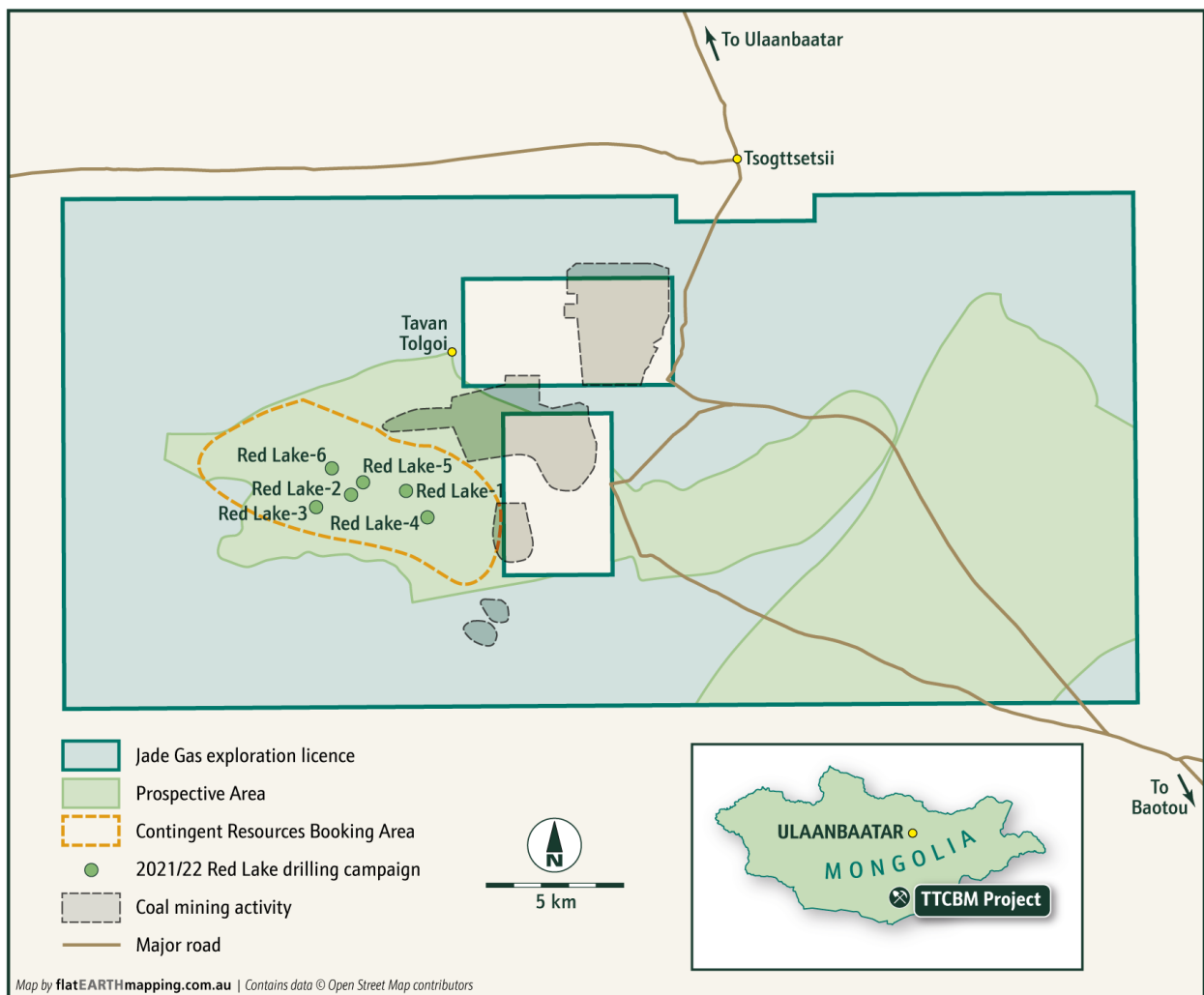


Figure 1: Well locations at Red Lake



Red Lake-6 is located approximately 2.5 kilometres west of Red Lake-1 (see location in figure 1) and was spudded on 28 May 2022. The well is currently at 482 metres. The geology in the Red Lake-6 area has been challenging and the production casing for the well has been successfully cemented to 444 metres to isolate a fault zone in the upper coal units. The well will be cored to total depth to confirm gas content in the area with permeability testing planned on select seams during drilling.

The Red Lake-5 and Red Lake-6 wells will be used in the extended production test. There is no change in the timing for this test which will provide key information on well performance and deliverability to ultimately support assessment of commercial development options. Design and procurement for the test equipment is well advanced.

Contingent Resource Assessment Commenced

The Company engaged RISC Advisory to audit Jade's Contingent Resource Booking for the Red Lake area, which is expected to be completed early in Q3 2022. The Contingent Resource assessment will provide an estimation of the potentially recoverable gas from the Red Lake area based on the information generated from the TTCBM Project drilling to date.

Appointment of Chris Jamieson as Managing Director

The Company appointed Chris Jamieson to the Board as a Managing Director (**MD**) in addition to his existing role as CEO. Mr Jamieson holds a Bachelor of Commerce from the University of Adelaide, along with several post-graduate qualifications including a CPA, graduate Diploma of Applied Finance and Investment (FINSIA) and Diploma of Investor Relations (AIRA). Mr Jamieson has over 25 years' experience in the resources and corporate finance industries having previously held senior roles with ASX Listed Beach Energy Ltd, Normandy Mining Ltd and Ernst & Young.

\$6.7 million institutional placement completed

On 28 April 2022 the Company advised the completion of an institutional placement of \$A6.7 million (A\$6.3 million after costs) through a placement of shares to institutional and sophisticated investors (**Placement**) at an issue price of \$0.052 per share. The funds received will be used to accelerate exploration and appraisal activities on the existing TTCBM project, the new Shivee Gobi and Eastern Gobi permits in addition to supporting the corporate and administration costs of the Company.

Annual General Meeting

The Company held its Annual General Meeting (**AGM**) on 31 May 2022 at the offices of BDO, Level 7, 420 King William Street, Adelaide. The results of the AGM were released to the ASX on the same date with all 15 resolutions presented in the notice of meeting passed on a poll.

MOU for assessment of power supply options

The Company entered a non-binding MOU with Mongolian power solutions provider Monhorus International LLC (**MHI**). The MOU provides for the joint assessment of suitable power supply options utilising coal seam gas produced during the forthcoming field programs, as well as longer term options for use of gas for larger scale generation as part of the planned pilot program, and associated grid connection and administration.

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 June 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	23	331
Exploration and appraisal activities ¹	4,724	4,327
Administration and working capital ²	1,692	2,070
Total (Prospectus)	7,228	7,500
TTCBM Project 2022 program	-	3,300
2023 Long lead items	-	500
Shivee Gobi Permit	2	300
Eastern Gobi Permit	2	300
Corporate and administration ³	447	2,300
Total (Placement)	451	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.
2. Includes upfront payments of annual statutory and insurance fees as well as the settlement of an existing tax liability.
3. Costs incurred to date are capital raising costs associated with \$6.7 million placement.

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

Cash at Bank

Cash at bank at the end of Q2 2022 was A\$6.56 million.

- ENDS -

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

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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

Note: The Austrian exploration licences were sold to Richmond Minerals Inc. for nominal consideration outlined in the previous quarterly report.

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 JUNE 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12	14
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(893)	(1,248)
(e) administration and corporate costs	(428)	(673)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	12
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives	-	-
1.8 Other – GST refunds	129	102
1.9 Net cash from / (used in) operating activities	(1,180)	(1,800)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(49)	(202)
(d) exploration & evaluation	(1,147)	(2,092)
(e) investments	-	-
(f) other non-current assets	-	-

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 (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	30
	(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	(1,196)	(2,223)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,656	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)	(446)
3.5	Proceeds from borrowings	6	6
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	6,216	6,216
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,645	4,373
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,180)	(1,800)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,196)	(2,223)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,216	6,216

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	75	(6)
4.6	Cash and cash equivalents at end of period	6,560	6,560

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	6,560	2,645
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)	6,560	2,645

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	117
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>		

\$117,000 of Directors' fees 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	333	333
7.4 Total financing facilities	333	333
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.	<p>Unsecured Director loan of \$100k provided on an interest free basis expiring 30 June 2023. Unsecured Shareholder loan of \$227k 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)	(1,180)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,147)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,327)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,560
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,560
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.82
<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?	
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?	
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?	
<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: 28 July 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.
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.