



## Jade Secures First LNG Gas Sale Agreement

### Highlights

- **Initial 5 year LNG gas sale agreement (GSA) signed with UB Metan LLC**
- **Minimum volume commitment for 20% of Jade output**
- **Supply price currently equivalent to US\$20 / GJ and linked to retail LNG prices in Ulaanbaatar, Mongolia**
- **Floor price set at 50% premium to the JKM LNG benchmark price**
- **UB Metan LLC is Mongolia's largest importer of natural gas products**
- **Agreement subject to satisfaction of conditions precedent summarised below**
- **Confirms Jade's business model as fully-integrated wholesaler of LNG**
- **Important catalyst to support the following ongoing initiatives**
  - **Imminent Field Development Plan (PDO) and Project economic studies**
  - **Partner discussions**
  - **Debt and vendor financing options; and**
  - **Potential dual listing on Hong Kong Stock Exchange**
- **Confirmation of increasing flow rates expected in the short term to enable PDO completion**

Jade Gas Holdings Limited (ASX:JGH) (**Jade or the Company**) is pleased to announce that it has signed a first Gas Sales Agreement ("GSA") for the sale and purchase of LNG from the Red Lake Gas Field at the Tavan Tolgoi CBM Project ("TTCBM"). The GSA is for a minimum 20% of Jade's supply and is with UB Metan LLC, the largest importer of natural gas products in Mongolia ("UBM").

### Gas Supply Agreement

Jade and UBM have entered into a binding high-level terms for LNG Gas Sales Agreement for the sale of LNG from Jade's TTCBM Project. UBM, as a current importer of LNG and active in the Mongolian gas products market, will utilise the LNG from TTCBM to supply its existing customer base in the capital of Mongolia, Ulaanbaatar, and will also allow UBM to now, given a readily accessible and reliable supply, aggressively grow its customer base in the city and surrounding areas.

Under the terms of the GSA, Jade will deliver LNG to UBM at the location of the proposed LNG processing facility proximate to the Red Lake gas field in South Gobi. The contract of supply will commence following the installation of the first LNG processing unit, expected in 2026. Jade currently has two horizontal wells



producing gas at Red Lake, with expectations of reaching commercial flow rates in the short term, and plans for further drilling during 2025/26 are being finalised. As wells are drilled and completed, surface level infrastructure will be installed to facilitate the gathering of produced gas for delivery to the LNG processing module.

Key Terms of the GSA are noted below:

<b>Item</b>	<b>Commentary</b>
Product	LNG and/or CNG, with specifications that satisfy as far as practicable the requirements of UBM. Indicative specifications are included in the Agreement.
Supply Commitment	Subject to the satisfaction of the conditions precedent, Jade would supply a minimum of 20% of its output from the Project to UBM
Supply Term	The initial supply term will be for five years from the Commencement of Supply, as available. An extension to the Supply Term to be negotiated in good faith.
Price Calculation	The price will be set monthly in arrears as the Reference Price less 20%.
Reference Price	The average of the LNG price charged by UBM in Ulaanbaatar.
Floor Price	50% premium to the JKM (Japan/Korea Marker) LNG benchmark price
Change of Control	This agreement will automatically terminate upon a change in control event of either Party
Conditions Precedent include	<ul style="list-style-type: none"><li>• Obtaining shareholder approval pursuant to Listing Rule 10.1 or confirmation that such approval is not required;</li><li>• Obtaining third party consents;</li><li>• Board approval of both parties;</li><li>• Entry into a definitive full form agreement; and</li><li>• Any other customary conditions precedent of the Gas Sales Agreement contemplated.</li></ul>

### **Corporate Strategy**

The GSA confirms Jade's business model as a fully-integrated wholesaler of LNG. The reference price and floor price also confirm the potential for a very high margin operation due to current and anticipated demand for LNG in the transport sector as a cleaner substitute for imported diesel, as well as the Project's location next to one of the world's largest users of natural gas and largest importer of LNG, China.

The GSA is an important catalyst to support the following ongoing corporate strategy initiatives:

- Imminent Field Development Plan (PDO) and Project economic studies
- Partner discussions
- Debt and vendor financing options; and
- Potential dual listing on Hong Kong Stock Exchange



In addition to the above, the Company expects to confirm flow rates in the short term and is encouraged by increasing flow rates from the first two production wells.

**Commenting on the GSA, Jade Interim CEO, Chris Whiteman, said:**

*"This initial contract is a very important milestone for the Company as it confirms the potential for a very high margin operation driven by relatively high energy prices in the South Gobi, and great demand for cleaner and more secure supply options. It is also very important as it confirms the Company's business model as a fully-integrated wholesaler of LNG."*

**- ENDS -**

**Authorised for release by the Board of Jade Gas Holdings Ltd.**

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**Forward Looking Statements**

This announcement contains various statements relating to intentions, future acts and events. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

**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<sup>1</sup>

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.

<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.



Furthermore Jade holds two prospective CBM permits, Shivee Gobi and Eastern Gobi. Together the 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.

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.