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JGH | UPDATE REPORT | Resources

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Fast Forward Towards Commercial Development

Jade Gas Holdings Ltd

Evolution Capital updates its coverage of **Jade Gas Holdings Ltd** (ASX: JGH), with a **Speculative Buy rating** (unchanged) and **Price Target of $0.36** (previously $0.25).

Gas Production Appraisal: on 2nd March 2026, JGH announced the completion of its appraisal program. The horizontal gas wells drilled in 2025 have shown increasing Average Daily Production up to 1,567 m/day in January 2026 and a cumulative gas of 215,714 m^3. Those figures are aligned with analogue Qinshui Basin in China.

Development Pathway: JGH has now lodge a **maiden gas reserve** booking submission with the Mongolian Minerals Reserve Council (MRC). The reserve booking process is a significant regulatory requirement that seeks validation and registration of JGH first gas reserve under Mongolia's mineral and petroleum reporting standards. Once the reserve booking is confirmed, the **Plan for Development of Operations** (PDO) can be submitted with gas **production license** submission to follow aiming at establishing the Red Lake project as the first commercial gas operation in Mongolia. Each of those consecutive steps are expected to take 4 to 6 weeks each.

China's interest: China has demonstrated sustained and recent interest in securing oil and gas assets, development rights, pipelines, and supply from surrounding/neighboring countries, primarily through state-owned companies.

Considering the Chinese appetite for oil & gas assets (see Section 3. China's Interest and Iranian War Side Effects), we assumed a development and financing deal similar to the one announced by Nuenergy Gas Ltd (ASX: NGY) on 8th January 2026, whereby all the development capex is financed by a Chinese third-party to be repaid via future gas/LNG sales. We assumed a 70% (JGH) / 30% (Chinese third-party) interest split from the point when the Phase 1 development capex (175 wells) has been recovered.

Financial Modelling: we have made a number of assumptions to develop a production profile for the Red Lake Gas Field and corresponding cash flow model. Beyond the development capital assumed to be financed by a Chinese third-party, we assumed an additional equity raising of $6.0million in 2026 (120 million shares at $0.05) and a refund of exploration and evaluation costs of US$10.5 million from the Chinese third-party taking an interest in the Red Lake project development.

Red Lake Project Valuation: using a US$30/Mcf and 50% risk discount, we value the JGH share of the Red Lake project at $753m ($0.36/share). In parallel to confirming sustainable commercial gas flow for the project, a development deal along the lines of our assumptions above combined with strong gaz/LNG prices particularly in Asia and Mongolia specifically will unlock significant value for the project and the company.

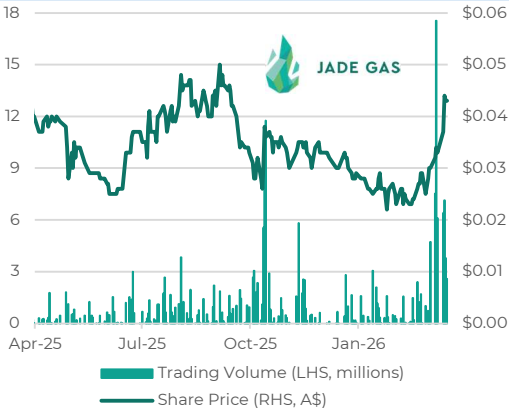
JGH Valuation and Investment Perspective: Our company valuation amounts to $758 million or $0.36 per share. The next few months include significant news flow, critical milestones and a potential deal. Should the company deliver all those, it shall generate tremendous value for shareholders.

Recommendation	**Spec. Buy**
Price Target	**$0.360**
Share Price	**$0.043**
Total Shareholder Return	**732%**

Company Profile

Market Capitalisation	$82m
Enterprise Value	$78m
Shares on Issue	1,910.8m
Free Float	36%
Avg. Daily Volume (3-month)	1.492m
52-Week Range	$0.021 - $0.050

Price Performance



Company Overview

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 CBM gas project over the Production Sharing Agreement (PSA) area of Tavantolgoi XXXIII unconventional gas basin, (TTCBM Project). Jade operates and manages the TTCBM Project through its subsidiary Methane Gas Resource LLC (MGR), a joint venture company partnering with Erdenes Methane LLC, the representative company for the Mongolian Government. The JV (60/40) was formed with the intention to explore, develop and produce gas from the TTCBM Project located in the South Gobi region.

Key Catalysts

Maiden Gas Reserve	Q2 2026
Plan for Development of Ops	Q2 2026
Production Licence	Mid 2026
Project Financing/JV	Q3 2026
Wells Development Start	H2 2026
Initial Production	2026/2027

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Jade Gas Holdings Ltd (ASX: JGH) Financial Summary

Base Case: US$30/Mcf (100% dev. funding from third-party, project interest 30/70 then 70/30, once capex repaid)

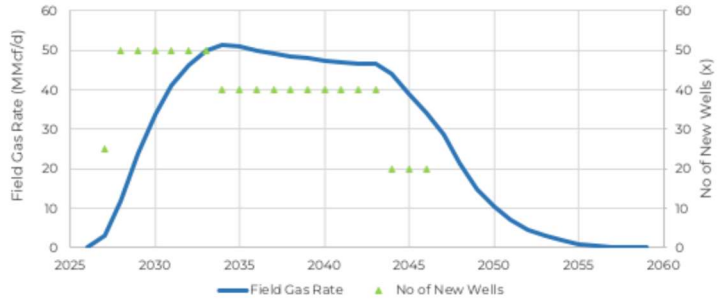
Key metrics

Market Information	Unit	Value
Number of Issued Shares	million	1,910.8
Unlisted Options (5.0¢, expiry 12 Dec 2027)	million	14.5
Unlisted Options (5.3¢, expiry 23 Oct 2028)	million	40.0
Unlisted Options (7.0¢, expiry 14 Nov 2029)	million	15.0
Unlisted Options (11.0¢, expiry 12 Dec 2029)	million	15.0
Unlisted Options (15.0¢, expiry 12 Dec 2029)	million	15.0
Unlisted Options (19.0¢, expiry 12 Dec 2029)	million	15.0
Performance Rights	million	75.0
Fully Diluted	million	2,100.3
Share Price	A$	0.043
12 month High-Low	A$	0.021 - 0.050
Market Capitalisation	A$m	82.17
Cash (as 31 Dec 2025)	A$m	1.46
Debt (as at 31 Dec 2025)	A$m	9.35
Director's loan (as at 31 Dec 2025)	A$m	1.26
Entreprise Value	A$m	91.31

Financing Assumptions			Unit	Value
Equity raising in 2026	120 m @	$0.05	A$m	6.0
Number of shares post 2026 financing			A$m	2,120.3
US$10.5m received from Chinese third-party for JGH exploration & evaluation costs				

Prospective Resources	Unrisked Contingent Resources (Bcf)		
TTCBM Project (Red Lake area only)	1C	2C	3C
Gross Recoverable Gas	118.0	246	305
Net Recoverable Gas	71.0	148	183

Prospective Resources	Gross 2U Prospective Resources (Bcf)		
Baruun Naran Gas Project (BNG)	Low	Best	High
Prospective Resource Range	13.0	65	186



Red Lake Net Present Value @ 10% discount rate (JGH share)					
Gas Pricing		US$/Mcf	US$20	**US$30**	US$40
	x	0.72	$683m	$1,464m	$2,238m
	x	0.71	$693m	$1,485m	$2,270m
FX A$/US$	x	**0.70**	$703m	**$1,507m**	$2,303m
	x	0.67	$737m	$1,576m	$2,408m
	x	0.65	$760m	$1,625m	$2,483m
IRR	%		52%	93%	134%

JGH Sum of the Parts Valuation	NPV (A$m)	Risk Factor	A$m	Per Share
Red Lake Gas Project (50% risked NPV)	$1,507	50%	$753.4	$0.355
Baruun Naran Gas Project (BNG)	$10		$10.0	$0.005
Cash			$1.5	$0.001
March 2026 placement			$1.8	$0.001
Capital raising			$6.0	$0.003
Corporate costs			($14.4)	($0.007)
Valuation/Price Target			$758.2	$0.36

Financial Statements

Financial Year ending 31 Dec

Profit & Loss (A$m)	2025A	2026F	2027F	2028F	2029F
Revenue	0.2	0.0	11.2	44.6	89.2
Operating Costs	0.0	0.0	(4.8)	(6.2)	(7.6)
Royalties	0.0	0.0	(0.7)	(2.7)	(5.4)
Overhead Costs	(4.0)	(4.0)	(4.1)	(4.2)	(4.3)
Other Income/Costs	0.1	(1.1)	(1.6)	(2.1)	(2.5)
EBITDA	**(3.7)**	**(5.1)**	**0.0**	**29.6**	**69.5**
Depreciation	(0.1)	(3.0)	(3.5)	(4.0)	(4.6)
Net Interest	(0.9)	(1.2)	(0.7)	(0.2)	(0.2)
Tax and Other	0.0	0.0	0.0	0.0	0.0
Profit	**(4.7)**	**(9.3)**	**(4.2)**	**25.3**	**64.7**

Cash Flow (A$m)	2025A	2026F	2027F	2028F	2029F
Net Profit	(4.7)	(9.3)	(4.2)	25.3	64.7
+/- Adjustments	(0.8)	4.2	4.2	4.2	4.8
+/- Working Capital	0.8	0.0	(3.1)	(6.7)	(9.0)
+/- Other	2.6	(0.3)	0.8	(1.7)	(2.2)
Cash Flow from Operations	**(2.1)**	**(5.4)**	**(2.3)**	**21.2**	**58.3**
Net Capital Expenditure	(5.5)	(5.0)	(5.0)	(6.0)	(46.7)
Cash Flow from Investing	**(5.5)**	**(5.0)**	**(5.0)**	**(6.0)**	**(46.7)**
Net proceeds from Debt	3.1	(6.2)	(5.7)	(0.2)	(0.2)
Changes in Share Capital	5.1	7.8	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Other Financing Casfhlow	(0.3)	21.1	0.0	0.0	0.0
Cash Flow from Financing	**7.9**	**22.7**	**(5.7)**	**(0.2)**	**(0.2)**
Net Cash Change	**0.3**	**12.3**	**(13.0)**	**15.0**	**11.4**

Balance Sheet (A$m)	2025A	2026F	2027F	2028F	2029F
Cash	1.8	14.1	1.2	16.1	27.5
Other Current Assets	1.4	1.4	3.2	11.9	23.4
Total Current Assets	**3.3**	**15.6**	**4.4**	**28.0**	**50.9**
Property, Plant & Equipment	1.7	3.7	5.1	7.1	49.2
Exploration, Evaluation & Dev.	28.6	28.6	28.6	28.6	28.6
Non-Current Assets	0.0	0.1	0.1	0.1	0.1
Total Non-Current Assets	**30.3**	**32.4**	**33.9**	**35.8**	**77.9**
Total Assets	**33.6**	**48.0**	**38.3**	**63.9**	**128.9**
Equity	42.3	71.2	71.2	71.2	71.2
Reserves	1.9	1.9	1.9	1.9	1.9
Retained Earnings	(24.2)	(33.6)	(37.7)	(12.4)	52.3
Total Equity	**20.0**	**39.5**	**35.3**	**60.7**	**125.4**
Current Debt	11.9	6.9	1.9	1.9	1.9
Account Payables	1.5	1.5	1.0	1.3	1.6
Other Liabilities	0.1	0.0	0.0	0.0	0.0
Total Current Liabilities	**13.6**	**8.5**	**2.9**	**3.2**	**3.5**
Lease Liabilities	0.0	0.0	0.0	0.0	0.0
Non-current Debt	0.0	0.0	0.0	0.0	0.0
Total Non-current Liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total Liabilities	**13.6**	**8.5**	**2.9**	**3.2**	**3.5**
Total Equity + Liabilities	**33.6**	**48.0**	**38.3**	**63.9**	**128.9**

Profitability indicators	2025A	2026F	2027F	2028F	2029F
EBITDA margin			0%	66%	78%
Liquidity	**2025A**	**2026F**	**2027F**	**2028F**	**2029F**
Quick Ratio	0.1	0.2	1.0	3.5	6.5
Current Ratio	0.1	0.2	1.1	3.7	6.7
Capital structure	**2025A**	**2026F**	**2027F**	**2028F**	**2029F**
Equity ratio	1.3	1.5	1.9	1.1	0.6
Debt / Assets	0.4	0.1	0.1	0.0	0.0
Debt / EBITDA	-3.2	-1.4	41.6	0.1	0.0
DSCR	n/a	n/a	n/a	151.6	356.6

Source: Evolution Capital estimates

CONTENTS

All currencies are in Australian dollars unless otherwise specified.

1. JGH Valuation

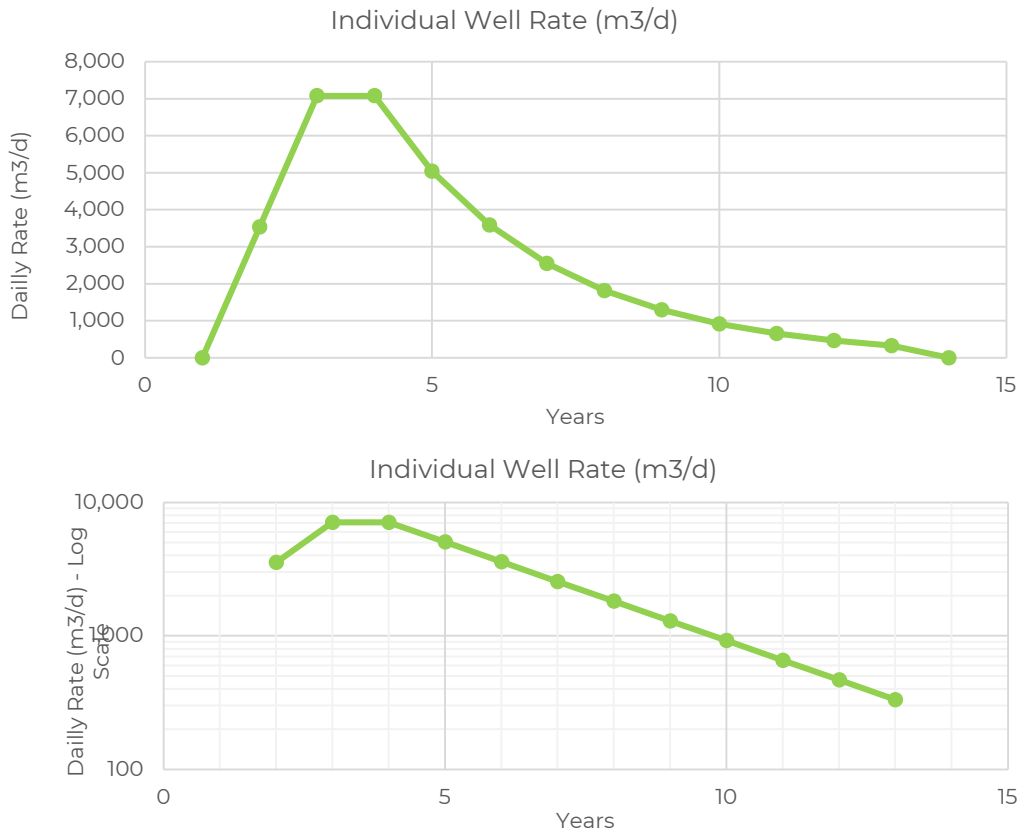
Production Profile and Financial Modelling

We have modelled the Red Lake Gas Project with the following key parameters per well:

- Well peak rate: 250 Mcf/d (previously 315 Mcf/d)
- Years to peak: 2 years
- Years at peak: 2 years
- Decline: 29% per annum
- Uptime: 95%
- Minimum rate: 10 Mcf/d
- Well life: 14 years

Figure 1.1 illustrate the daily gas flow rate for an individual well.

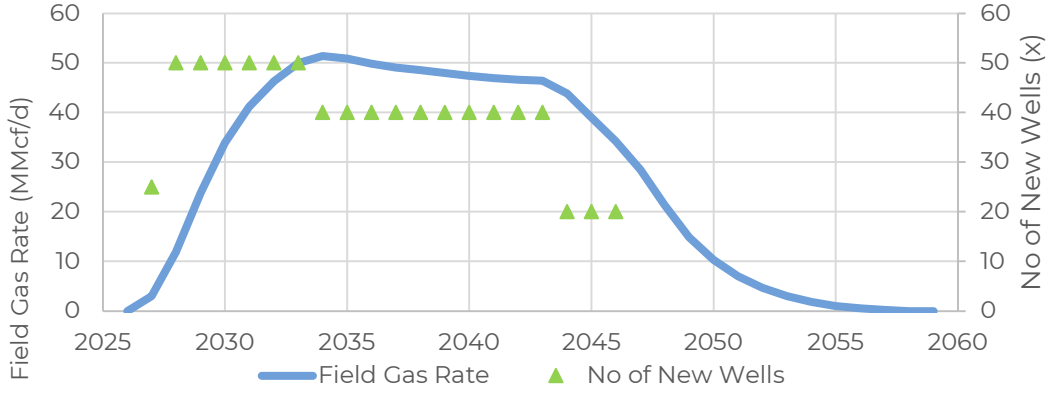
Figure 1.1 – Individual Well Model



Source: Evolution Capital

We have then assumed a gas field development plan as illustrated in Figure 1.2

Figure 1.2 – Gas Field Production Profile



Source: Evolution Capital

The progressive development of wells has the benefit to spread the capital expenditure to set up the wells, which can be partly funded by the cash flow generated by the wells in production.

The financial modeling used the following key assumptions:

- Gas to run LNG production: 20%
- Capex per well: from US$1m to US$0.6m as the number of wells increases
- Additional well capex (well gathering/equipment): 20%
- Workover cost: US$0.06m per well
- Maintenance cost: US$1.5m per year
- LNG initial capex: US$10m per 50 tpd module
- LNG sustaining capex: US$1.0m per year
- LNG opex: US$0.07m per module
- LNG other opex: US$170m over production profile
- Discount rate: 10%
- Corporate tax: no corporate tax payable on oil and gas production
- Production sharing arrangement: 70%/30% once the capex is recovered

Tables 1.1 and 1.2 summarises the NPV and IRR results of our modelling for the project and JGH share respectively.

Table 1.1 - Red Lake Project NPV and IRR

Gas Pricing		US$20/Mcf	**US$30/Mcf**	US$40/Mcf
	0.72	$1,007m	$2,100m	$3,193m
	0.71	$1,021m	$2,130m	$3,238m
A$/US$	**0.70**	$1,036m	**$2,160m**	$3,284m
	0.67	$1,082m	$2,257m	$3,432m
	0.65	$1,116m	$2,326m	$3,537m
IRR		41%	69%	95%

Source: Evolution Capital estimates

Table 1.2 - Red Lake Project NPV and IRR (JGH share)

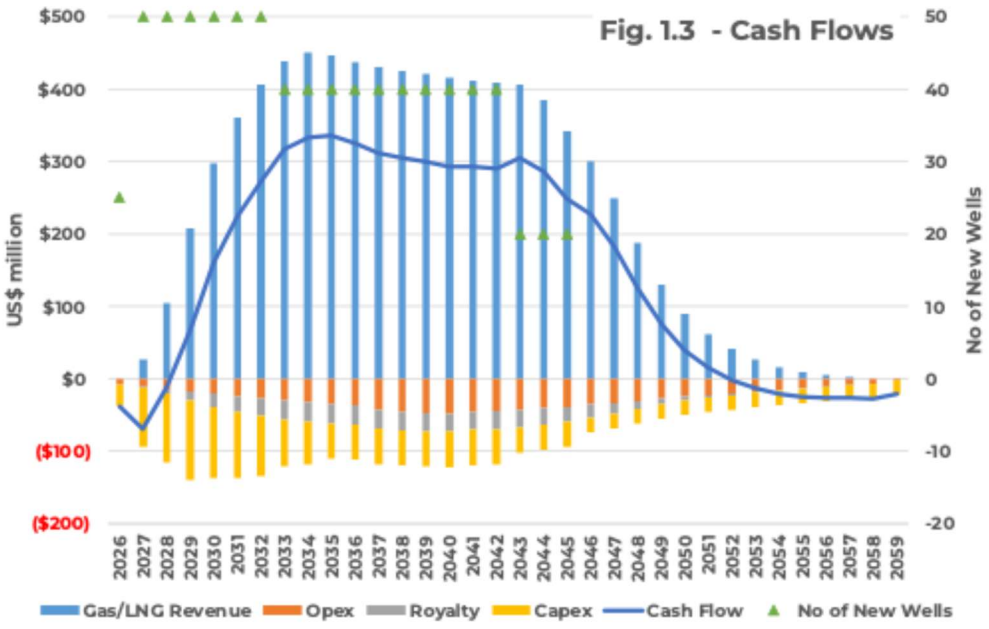
Gas Pricing		US$20/Mcf	**US$30/Mcf**	US$40/Mcf
	0.72	$683m	$1,464m	$2,238m
	0.71	$693m	$1,485m	$2,270m
A$/US$	**0.70**	$703m	**$1,507m**	$2,303m
	0.67	$737m	$1,576m	$2,408m
	0.65	$760m	$1,625m	$2,483m
IRR		52%	93%	134%

Source: Evolution Capital estimates

Our model results in a NPV of $1,507 million for our base case with IRR of 93%, reflecting the significant high value of LNG and the very beneficial profit-sharing arrangement assumed.

In all scenarios, the IRR is excellent, thanks to the low capital expenditure and its deployment over time.

Figure 1.3 illustrates the various cash flows from the project as well as the number of new well deployed over time to maintain the gas production profile.



Source: Evolution Capital

JGH Valuation Sensitivity

As shown in Figure 1.4 – NPV Sensitivity, the Red Lake Project NPV is most sensitive to the gas price, discount rate and exchange rate. In all cases, the NPV remains above $1,000 million, representing about 20 times the current market capitalisation of the company.

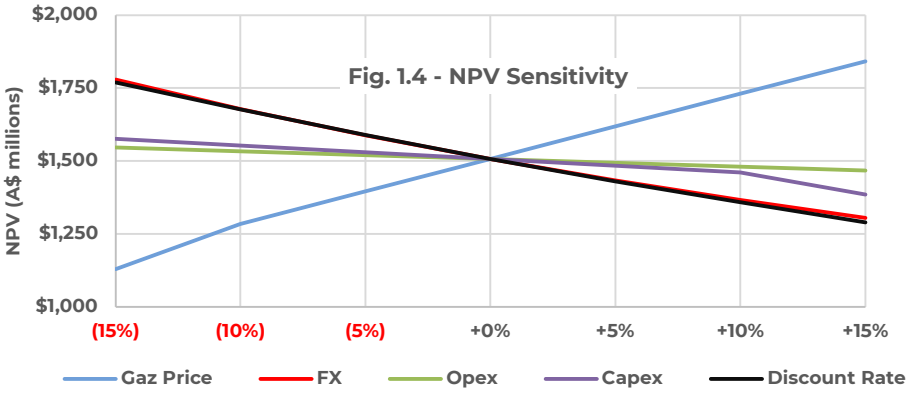
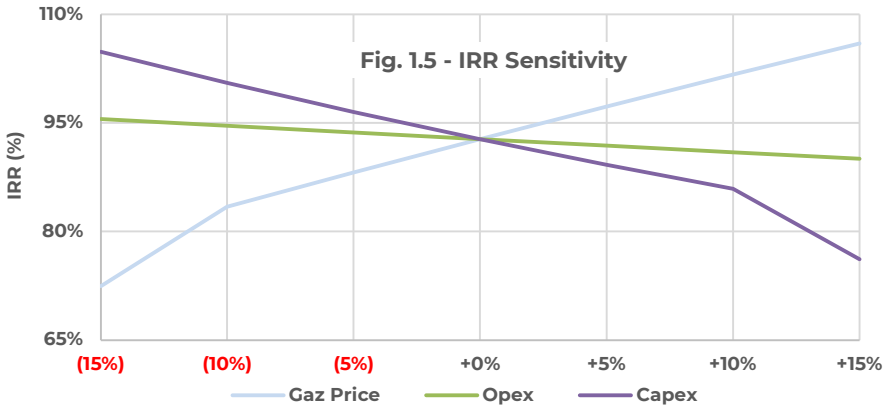


Figure 1.5 – IRR Sensitivity indicates that the project is most sensitive to gas prices and capex. In all cases the IRR remains above 95% demonstrating excellent profitability.



JGH Sum of the Parts Valuation

To derive our sum of the parts valuation, we have considered a total number of shares equal to 2,120.3 million. Further to the recent $1.8m placement (60,000,000 shares @ $0.03 + 11,666,667 shares in lieu of cash transaction fees) and including the 14.5 million JGHAH options expiring 27 December 2027 with an exercise price of $0.05, we have assumed another placement later this year of $6.0 million (120,000,000 shares @ $0.05)

The capital expenditure is assumed to be funded by a Chinese third-party (see next section).

Table 1.3 summarises the sum of the parts valuation for JGH.

Table 1.3 – JGH Sum of the Parts Valuation

Asset	NPV	Risk Factor	A$m	Per Share
Red Lake Gas/LNG Project (JGH share NPV 50% risked)	$1,507m	50%	$753.4m	$0.355
Baruun Naran Gas Project (BNG)	$10		$10.0m	$0.005
Cash			$1.5m	$0.001
March 2026 placement			$1.8m	$0.001
Capital Raising			$6.0m	$0.003
Corporate costs			($14.4m)	($0.007)
Fully Funded Valuation			**$756.4m**	$0.36

Source: Evolution Capital estimates

Red Lake Project Financing Assumption

Considering the Chinese appetite for oil & assets (see Section 3. China's Interest and Iranian War Side Effects), we assumed a development and financing deal similar to the one announced by Nuenergy Gas Ltd (ASX: NGY) on 8th January 2026 (https://www.insage.com.my/irnews.net/web/getasxnews.aspx?NewsId=20260108000001&theme=99).

Pursuant to a Collaboration Agreement signed with PT Beijing Energy Linking[1] (BJEL), BJEL is to be appointed as Lead EPCC contractor for NuEnergy's Tanjung Enim Plan of Development 1, the first Coal Bed Methane (CBM) project in Indonesia

BJEL will finance 100% of the field development under a capped contract price, to be repaid via future gas sales (to be agreed between the parties).

The field development works encompass amongst others, the drilling of a combination of vertical and horizontal wells and potentially fracking to increase production flow rates and optimise capital deployment, construction of surface facilities, in-field pipelines and all integration and testing required to achieve first gas and production ramp up to achieve a sustainable plateau production rate as approved under the POD.

In other words:

- BJEL will handle engineering, construction and commissioning covering all upfront costs.
- BJEL is carrying 100% of the development risks. No gas = no repayment.
- NGY is not suffering any equity dilution

We assumed a similar deal where a Chinese third-party will finance 100% of the Phase 1 development (175 wells) of the Red Lake project.

The project interests will be 70% Chinese third-party and 30% JGH.

Once the development capex is recovered by the Chinese third-party, the project interests will be 70% JGH and 30% Chinese third-party.

[1] *PT Beijing Energy Linking is a wholly owned subsidiary of Shanghai Beijing Energy Linking New Energy Development Co LTD ("SBJE"). The major ultimate shareholders of SBJE are Beijing Energy International Holding Co. Ltd ("BJEI") and Envision Group. BJEI is a red-chip company listed on the Hong Kong Stock Exchange. BJEI is primarily engaged in the investment, development, operation, and management of clean energy projects. Its businesses span all 31 provincial-level administrative regions in China. BJEI also focuses on overseas new-energy markets such as Australia and Europe and owns power-station assets in countries including Australia and Vietnam. BJEI has become the largest Chinese enterprise in terms of installed capacity in Australia's clean-energy sector. As of 30 June 2025, BJEI's total assets amounted to approximately RMB106 billion (~US$15 billion), and its total grid-connected capacity exceeded 13,692 MW. BJEI has the backing of a large state-owned enterprises of China, which aids credibility, credit rating, access to capital and, in some cases, regulatory and investment support.*

2. Red Lake Project Appraisal

The evolution of Average Daily Gas Production (ADP) in Jade Gas Holdings Limited's (ASX: JGH) Monthly Operations Reports shows a clear positive trajectory in the early pilot/appraisal phase at the Red Lake Gas Field (part of the TTCBM CBM project in Mongolia's South Gobi region), which is an encouraging technical signal for the project's path toward a commercial LNG operation.

Recent Production Data from Monthly Operations Reports

The company has two horizontal production wells (RL-Hz-01 and RL-Hz-02) on stream since mid-2025. Key metrics (all in m^3) from the latest reports illustrate the trend:

Table 2.1 – Red Lake Production Data

Month	ADP	Total Monthly Gas (m3)	% Change (ADP)	End-of-Month Aggregate Flow Rate (m3/day)	Cumulative Gas (m3)	Notes
October 2025	1,271	n/a	+15%	n/a	n/a	Early ramp-up
November 2025	1,551	46,532	n/a	n/a	n/a	Peak prior to December dip.
December 2025	1,332	40,993	-15%	1,542	~168,000	Temporary dip from power/generator maintenance on Hz-01; rates recovered strongly by month-end. 100% uptime on Hz-02
January 2026	1,567	48,589	+21%	1,695	215,714	Uninterrupted flow; rates building throughout the month. Water production stable/trucked for beneficial use at nearby mine.

Source: JGH

Key observations on the evolution:

- Overall upward trend: ADP has generally increased as dewatering progresses (typical for CBM reservoirs — gas rates build as bottom-hole pressure drops). The December dip was operational (power infrastructure upgrade) rather than reservoir-related and was quickly reversed.
- High uptime: Near-100% in recent months once stabilised.
- Still pilot scale: ~1,500–1,700 m^3/day total (~53–60 Mcfd) from two wells is appraisal/pilot output only. Rates are expected to continue rising with further drawdown and optimisation.
- Cumulative build: Over 215,000 m^3 produced to date provides real production data for reserves estimation.

These reports consistently note that production behaviour aligns with analogues (e.g., Qinshui Basin in China) and is informing the development plan.

How This Supports LNG Commercial Viability

Commercial viability of an LNG operation depends on reserves certification, scalable production, offtake, economics/financing, and execution — not just current pilot rates. The Monthly Operations Reports feed directly into the first two:

1. **Technical de-risking via production data (strong positive):**

   The ramping ADP and sustained flow provide critical dynamic data for the impending maiden reserves booking with the Mongolian Minerals Reserve Council (MRC) (appraisal phase now complete/nearing completion as of early 2026). This is a prerequisite for the Plan for Development of Operations (PDO) and production licence. Independent certification already exists for 246 Bcf gross unrisked 2C Contingent Resources at Red Lake (RISC, 2022), with potential upside in 3C (305 Bcf) and across the broader permit.

2. **Scale-up pathway:**

   The company's plan is phased — Phase 1 contemplates up to ~175 wells initially (full field ~800 wells over 30+ years). Field rates suggest that Red Lake could reach commercial LNG scale with further drilling, potentially fracking and dewatering. Discussions with liquefaction/ processing providers are already underway to inform costs.

3. **Offtake and commercial anchors (positive):**

   First LNG Gas Sales Agreement (GSA) signed with UB Metan LLC (Mongolia's largest importer of natural gas products) — 5-year term for a minimum 20% of planned output. Non-binding LOI with Langrun (Chinese gas equipment specialist) for up to A$70m non-dilutive financing covering drilling, gathering, processing, and liquefaction for initial Phase 1 LNG infrastructure.

4. **Market and strategic fit:**

   Focus is domestic LNG for transport, mining, and industrial power (displacing diesel/imported gas), aligning with Mongolia's cleaner-energy goals. Scalable to potential export if volumes grow.

Overall Assessment of Commercial Viability

Promising medium-term potential, but pre-FID and not yet proven at commercial scale.

The Monthly Operations Reports demonstrate that the reservoir is performing as expected — rates are building, wells are stable, and data is accumulating for reserves bookings under the MRC. This materially de-risks the technical case and underpins the Mongolian maiden reserve booking and PDO.

Strengths:

- Real production data trending positively.
- Certified contingent resource base.
- Secured/conditional offtake + financing interest.
- Low-risk domestic LNG focus with clear demand drivers.

Key risks / hurdles remaining (standard for early-stage CBM-LNG):

- Successful conversion of 2C resources to reserves bookings under the MRC and regulatory approvals.
- Execution on multi-well drilling campaign with the addition of possible fracking and achieving modelled rates across the field.
- Full capex funding and economics (LNG plant, infrastructure in remote location).
- Gas price realisation and market uptake.

Bottom line: Based solely on the production evolution in the Monthly Operations Reports, the project is tracking well technically and the data supports a viable path to LNG commercialisation once reserves are booked under the MRC and Phase 1 is executed. The company is now transitioning from appraisal to development mode (maiden reserves submission, PDO, licence, and economic study all expected in the coming months). It is not "commercial" today (pilot volumes only), but the trajectory is consistent with a project that can support a scalable LNG operation in the next 2–4 years if execution continues successfully.

Qinshui Basin (China) Benchmark — Jade's Direct Analogue

Jade explicitly operates its horizontal wells using "best-practice operations for lateral wells in the Qinshui Basin," the closest geological and operational analogue to Red Lake.

Typical commercial-scale rates in southern Qinshui (successful blocks such as Panzhuang/Fanzhuang):

- Horizontal wells (Jade's well type): stable commercial production 10,000 m^3/d per well (≈ 353 Mcf/d); best wells >10,000 m^3/d; some fields report averages of 6,000–7,000 m^3/d across groups of horizontals.
- Vertical/directional wells: Stable commercial ≈ 2,000 m^3/d per well.
- Field-scale examples: Commercial blocks achieve annual output in the range of hundreds of MMm^3 (e.g., Panzhuang >1.1 Bcm/year from ~500 wells, with peak field rates >50 MMcf/d). Many wells in lower-performing areas of Qinshui average <500–2,000 m^3/d, but commercial viability requires the higher-end horizontal performance noted above.

Direct comparison to Jade's modelled profile:

- Evolution Capital model (250 Mcf/d peak per horizontal well) is deliberately conservative relative to top Qinshui horizontals but aligned with proven analogue performance.
- Current Red Lake per-well rates are in the early ramp-up phase (still below Qinshui commercial stabilised levels) but following the same dewatering/production curve.

Bottom line on the required increase:

- Pilot → commercial transition occurs once per-well ADP sustainably exceeds ~283 m^3/d (10 Mcf/d) and the field begins scaling (dozens of wells) with rates trending toward 8,000–10,000+ m^3/d per horizontal well.
- For Red Lake's LNG focus, this means total field ADP must grow from today's ~1,500–1,700 m^3/d (2 wells) to tens of thousands of m^3/d (via Phase 1 drilling) to support initial LNG processing and sales contracts.
- The impending reserves bookings under the MRC/Plan for Development of Operations announcements will confirm when this shift is complete. The trajectory in the latest reports (steady ramp, high uptime, alignment with Qinshui analogues) supports a viable path to commercial scale within the next 12–24 months if execution continues as planned.

3. China's Interest and Iranian War Side Effects

China Insatiable Appetite for Oil & Gas Assets

China has demonstrated sustained and recent interest (2025–early 2026) in securing oil and gas assets, development rights, pipelines, and supply from surrounding/neighboring countries, primarily through state-owned companies like CNPC, CNOOC, and Sinopec. This activity focuses on Central Asia (Kazakhstan, Turkmenistan, Uzbekistan) and Russia (with Mongolia as a key transit route), driven by energy security, diversification away from seaborne imports, and Belt and Road Initiative (BRI) goals amid global volatility (e.g. Middle East tensions).

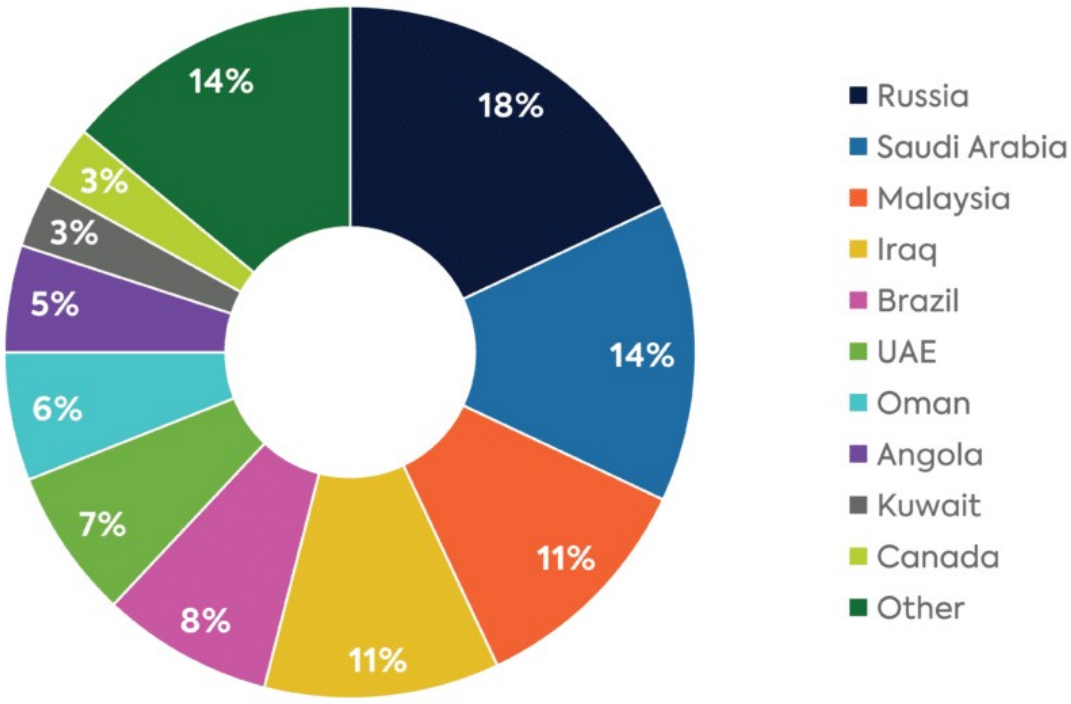
Interest manifests as equity stakes, joint ventures, development/operator rights, pipeline MOUs, and block contracts rather than large-scale hostile takeovers.

Iran War

The Iran War (which escalated with U.S.-Israeli strikes on Iran starting late February 2026, followed by Iranian retaliatory actions including disruption/closure of the Strait of Hormuz) has accelerated China's strategic pivot toward overland oil and gas supplies from Russia and Central Asia. This reduces exposure to vulnerable seaborne routes (Hormuz carried ~40–50% of China's oil imports – see Figure 3.1 and ~30% of its LNG Figure 3.2). The shift emphasizes pipeline gas, equity stakes, and development rights rather than outright large-scale acquisitions of existing assets.

Multiple sources (including the Center on Global Energy Policy at Columbia University) show that in 2025, China imported roughly half of its crude oil from Middle East/Gulf countries. Most of these flows (Saudi Arabia, Iraq, UAE, Oman, Kuwait, Qatar, plus Iranian volumes often tracked separately) must transit the Strait of Hormuz, supporting the 45–50% of total crude oil imports to China.

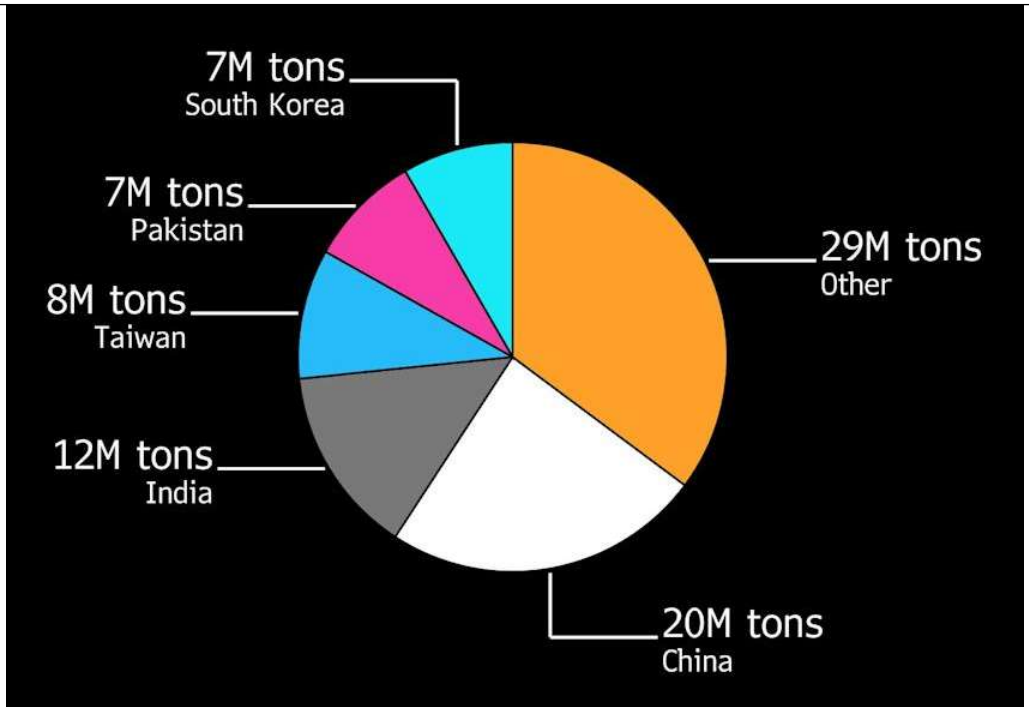
Figure 3.1 – China's top crude oil supplier in 2025



Source: China's General Administration of Customs

About Figure 3.2, Qatar is the dominant LNG supplier routing through the Strait of Hormuz. In 2025, China imported ~20 million tons from Qatar, representing a major slice of its total LNG (~28–29% from Qatar alone in some tracking). Combined with UAE volumes, this drives the ~25–30% (nearly one-third) of China's LNG imports transiting Hormuz.

Figure 3.2 – Qatar's LNG Exports in 2025 by Country



Source: Ship-tracking data compiled by Bloomberg

Key developments since the Iran War began:

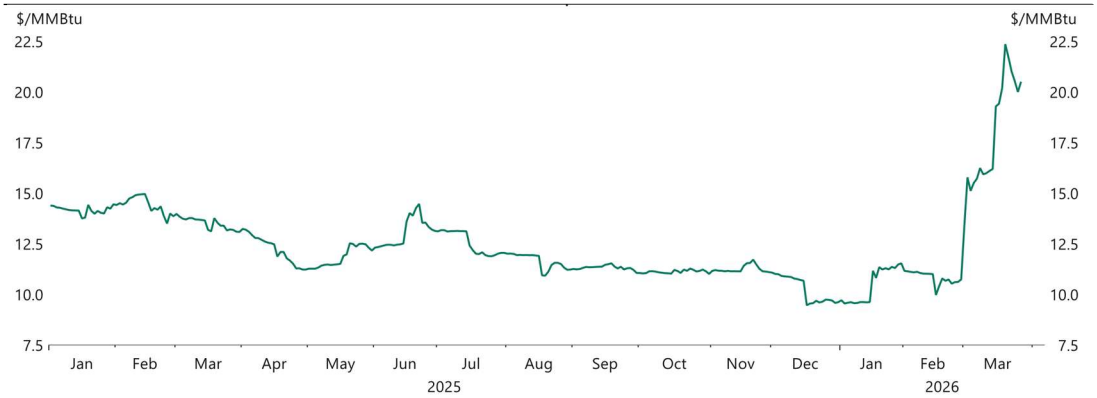
- Revived/Accelerated Interest in Power of Siberia 2 (PoS2) Pipeline: The long-stalled 50 bcm/year pipeline from Russia's Yamal Peninsula to northern China via Mongolia has gained significant traction. China's 2026–2030 five-year development plan explicitly calls for advancing "preparatory work" on the "central route" of the China-Russia natural gas pipeline (widely interpreted as PoS2). Analysts link this directly to the energy shock from Hormuz disruptions and Qatar LNG outages. A legally binding memorandum was already signed in September 2025 (pre-war), but post-war momentum has increased, with discussions on pricing, volumes, and timelines picking up. PoS2 has been under discussion for many years and it is no closer to getting started in our view. The Power of Siberia 2 final construction timeline is uncertain due to unresolved pricing and financing, with 2030 seen as the earliest potential start date. If it starts in 2030 it will likely take between 5 years (optimistic case) and 10 years (conservative case) before being properly established. By this time, JGH could have the Red Lake project producing at peak flow rates.
- No Direct Upstream Asset Acquisitions in Mongolia: Reports do not highlight new Chinese purchases or operatorship of Mongolian oil/gas fields post-Iran War. Mongolia's energy sector remains focused on coal exports to China, limited domestic oil refining (new domestic refinery plans), and emerging gas projects. Currently all the oil production in Mongolia is operated by Chinese entities. Beyond those, Chinese interest stays primarily in transit for Russian gas rather than acquiring local upstream assets, although interest has grown substantially in the last few weeks. Overall, China already has a significant presence in the oil & gas industry in Mongolia.

The Iran War has highlighted vulnerabilities in Middle East-dependent supplies, prompting China to prioritize secure overland routes and diversify further.

Effect of Prices

As most regions around the world, Asian countries have experienced a doubling of LNG in the last few weeks.

Figure 3.3 – Asia LNG Prices



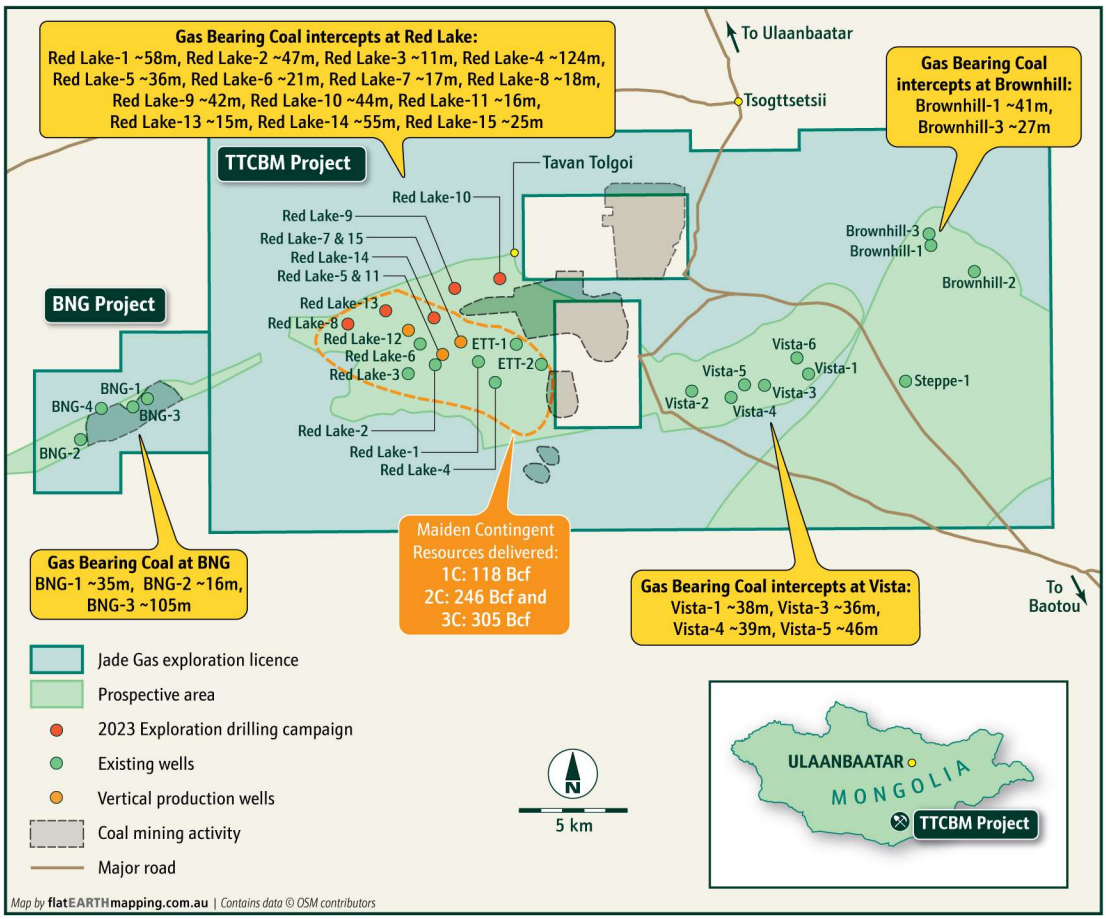
Source: Bloomberg

4. TTCBM Project

Background

Jade's joint venture partner, Erdenes Methane, was awarded a PSA over the TTCBM Project area in April 2020, after completion by MGR of the requirements of a Prospecting Agreement held by JV partner EM over the area. In accordance with the joint venture agreements, Jade managed, fully funded and operated the fulfillment of the PSA requirements during that period. Following approval of the Cabinet of Mongolia in October 2020, the PSA rights and obligations were fully transferred to the joint venture company MGR.

Figure 4.1 – TTCBM Project Area



Source: JGH

Wells Drilled

Jade has completed 19 exploration wells, plus the two horizontal production wells in the Red Lake area, with extensive gas bearing coals extracted through coring. The extent of the gas bearing coals in the wells averages around 60 metres, and up to 124 metres. As well as this, gas composition findings from delivered methane of 98% in coal seam III and 0, and 92.5% in coal seam IV. High gas content readings were also identified ranging from 12-18 m3 per tonne.

In addition, Jade has completed 6 exploration wells in Vista, 3 in Brown Hill and 1 at Steppe prospects.

Contingent Resource

The company announced the booking of a Gross Un-risked 2C Contingent Resource of 246 Bcf. This booking was for the Red Lake area only and is a significant milestone as the project moves towards pilot production in 2025/2026. Of note is that the Red Lake area is a relatively small portion of the prospective area within the TTCBM Project permit.

The TTCBM Project gas play was extended some 25 kilometres to the east of the Red Lake area with the successful drilling of the Vista-1 and Brownhill-1 exploration wells. The wells intersected 38 metres and 41 metres of gassy coal l, respectively.

Table 4.1 – Unrisked Contingent Resources for TTCBM Project – Red Lake

TTCBM Project (Red Lake area only)	Unrisked Contingent Resources (Bcf)		
	1C	2C	3C
Gross Recoverable Gas	118	246	305
Net Recoverable Gas	71	148	183

Source: JGH

Gas Offtake with MMC

On 29 February 2024, Jade announced the signing of a non-binding MOU with MMC to focus on using gas to be produced from the BNG and TTCBM projects to supply MMC's power requirements for its local mining operations and fuel for its extensive 450 double-trailer truck fleet which move product from its two operating mines for export to the Gashuunsukhait-Ganqimaodu (GS-GM) border port in China. MMC is aiming to transform its operating business using Jade's gas to provide a cleaner energy source that can deliver cost savings and significant environmental benefits.

Following the conclusion of the data assessment from BNG, Jade and MMC intend to make an application for a PSA over the BNG permit area. A PSA would provide the joint venture with long term security of tenure and importantly, the platform to progress with advanced appraisal and pre-development activities. MMC is also Jade's joint-venture partner (34%) working with the Company to develop the Baruun Naran coal field (BNG Project).

MMC operates two open-pit mines, namely Ukhaa Khudag Mine, located within the TTCBM permit area, and Baruun Naran Mine, located on the west side extension of the TTCBM permit area. These open-pit mines are located within the Tavan Tolgoi coal basin in the Southern Gobi of Mongolia, which is approximately 220km to the Mongolian-Chinese border and about 550km to Baotou, China, an important steel producing city in China.

Key terms of the MOU include:

- MMC will have a non-exclusive option for gas products from Jade's TTCBM and BNG Projects, and;
- Jade to potentially supply two products: Liquified Natural Gas (LNG) for heavy vehicles, and gas for electricity generation – building on the

scoping work Jade has already undertaken on small scale LNG in the region.

MMC is considering the potential of gas as an alternative fuel and cleaner energy source to power its Mongolian mining operations and truck fleet. This forms part of MMC's Towards Sustainable Mining (TSM) protocol, and more broadly Environmental, Social, and Governance (ESG) commitment for sustainable energy use and Green House Gas (GHG) emissions management. Negotiating a binding gas sales agreement contemplating commercial terms will be a catalyst for the conversion of resources to reserves bookings under the MRC.

LNG Gas Sale Agreement with UBM

On 24 Sep 2025, JGH announced it has signed a first Gas Sales Agreement ("GSA") for the sale and purchase of LNG from the Red Lake Gas Field. 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").

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.

Mongolia Gas Opportunity

Security of energy supply is a prominent and significant issue, with gasoline and diesel shortages in various parts of the country becoming a regular feature. Some media reports have suggested that the increased productivity from Mongolia's mining sector and distribution issues have severely impacted the fuel consumption supply/demand balance. This, coupled with the fact that Mongolia imports more than 95% of all its fuel from Russia, may see the diesel intensive mining sector, move more quickly to address vulnerabilities in the energy supply chain by considering alternate and more robust domestic energy supply option such as gas.

One of the significant opportunities for Jade's strategically located Mongolian gas resource lies in supporting coal transport operations that consist of a truck-and-road model. The cost and environmental footprint associated with the forecast increased truck movements underpins the importance of the various partnership being developed by Jade.

An initiative to convert the truck fleet to gas power has a number of potential material benefits:

- Fewer Emissions: Heavy duty vehicles running on LNG produce up to 25% fewer greenhouse gas (GHG) emissions, up to 50% less Nitrogen Oxides (NOx) emissions, and 80% less Particulate Matter (PM) than diesel powered vehicles;
- Cost: LNG to offer favourable pricing and greater stability over diesel;
- Maintenance: LNG-fuelled vehicles require less servicing, and as a result can extend the life of the vehicle for up to 3 times longer than a diesel engine; and
- Efficiency: LNG offers more efficient combustion in engines for reduced fuel consumption. LNG application in transportation is rapidly gaining traction as an alternative fuel option in heavy-duty trucks, trains, ships, and even buses, primarily due to its environmental benefits.

5. Project Peer

Panzhuang CBM Field, China

The Panzhuang coalbed methane (CBM) field, located in the southern Qinshui basin in Shanxi province, is operated by AAG (Asian American Gas) Energy Holdings Limited (AAG Energy) under Production Sharing Contract (PSC) terms. The basin has been a key hub for CBM exploration and development. AAG Energy Holdings is a coal bed methane producer. Through long-term production sharing contracts, AAG has interests in two large blocks, Panzhuang and Mabi, and over the past several years, the company has successfully applied modern drilling techniques to dramatically improve production efficiency and recovery factors. AAG Energy Holdings was founded in 2015 and is based in Hong Kong, China.

The Panzhuang CBM field recovered 31.87% of its total recoverable reserves, with peak production in 2023. Based on economic assumptions, production will continue until the field reaches its economic limit in 2067.

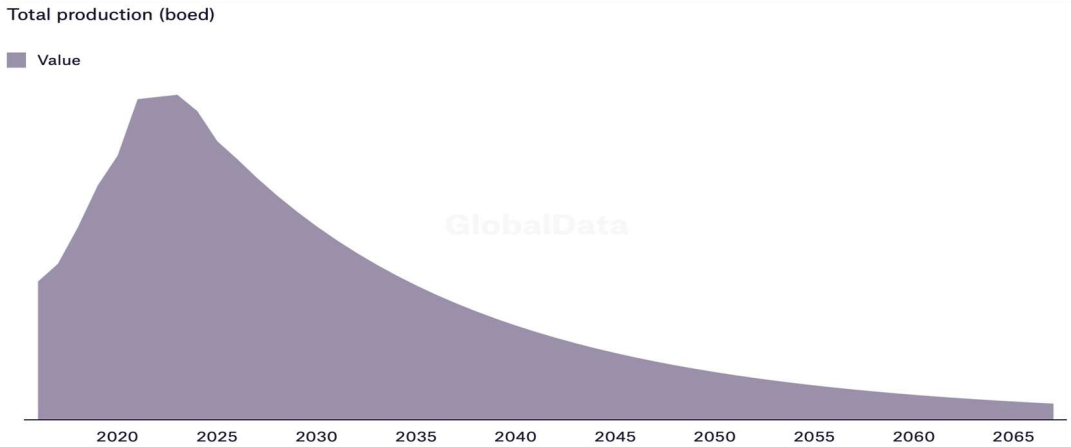
Here is some information extracted from the FY2021 report (30 March 2022)

The gross production of Panzhuang concession reached 1,175 MMCM (41.5 bcf), 8.78% higher than the original target of 1,080 MMCM (38.1 bcf)

By the end of 2021, there were a total of 504 wells in production, including 158 pad drilling wells ("PDW"), 49 multi-lateral drilling wells ("MLD") and 297 single lateral horizontal wells ("SLH") in Panzhuang concession.

Committed to the geological research of thin seam CBM reservoirs, the gas production performance of the 13 tested wells was satisfactory, of which 9 wells have achieved high production and stable production, with an average daily gas production per well of 6000-7000 m^3/d, and the stable gas production volume of 4 wells exceeds 10,000 m^3/d.

Figure 5.1 – Panzhuang total production



Source: GlobalData Oil & Gas Intelligence Center

Item	Value	Date/source
Panzhuang net 2P reserves	190.9 bcf	NSAI* @ 2017YE (AAG AR)
Panzhuang net 1P reserves	111.4 bcf	NSAI @ 2017YE
Panzhuang annual production	571.6 MMcm	2017 actual (static.cninfo.com.cn)
Panzhuang annual production	1,175 MMcm	2021 actual (newsfile.futunn.com)
Panzhuang annual production (guidance)	1,149 MMcm	2023 guidance (Mar-2023 circular) (www1.hkexnews.hk)
Field daily rate (milestone)	>50 MMcf/d	24 Dec 2014 (worldcoal.com)
Avg per-well rate (49 horizontals)	>1 MMcf/d/well	2014–15 snapshot (worldcoal.com)

* NSAI: Netherland, Sewell & Associates, Inc

AAG was bought by Shanghai listed company 'Xinjiang Xintai Natural Gas Co., Ltd' in July 2023 valuing it at circa US$800 million at the time

6. Directors & Management Team

Joseph Burke, Executive Director

Mr Burke is an experienced mining executive. He has spent over 30 years working and living in Asia and has been involved in Mongolian mining projects since 2009. In previous roles Mr Burke was a Director and founding partner of the mining venture capital group Starboard Global and the CEO of ASX listed Voyager Resources Limited (ASX: VOR) which had projects based in Mongolia. He has also undertaken advisory roles with an Asian focus and with other ASX listed entities including American Pacific Borates Ltd (ASX:ABR), and Black Rock Mining Limited (ASX: BKT).

Mr Burke holds an MBA from the Australian Graduate School of Management (AGSM).

Chris Newport, Managing Director

Mr Newport is a prominent oil and gas senior executive having worked over 40 years in business development and executive roles including at BHP Petroleum, Santos, Gulf Indonesia, Amerada Hess, NuEnergy Gas and others. Most recently, Chris has recently been advising on strategic and commercial development for a private Coal Bed Methane (CBM) company in Mongolia. Chris is a global energy developer with experience in commercializing and developing oil and gas resources, building frontier energy markets and securing financial commitment to investment in infrastructure and field developments.

Chris has had significant exposure to coal bed methane since 1987 in the Sydney Basin, the Bowen Surat Basin (Moura and GLNG) and in Sumatra, Mozambique, Malawi and Tanzania. During his career Chris has also had experience dealing and negotiating with governments, super majors and junior explorers alike and worked with many and varied cultures and fiscal systems. His career deal experience includes involvement in over $40b of gas market transactions, covering CBM, Liquified Natural Gas (LNG), joint venture and processing agreements, pipeline and gas-to-power projects.

Daniel Eddington, Non-Executive Director

Mr Eddington has over 20 years' experience in the financial markets with experience across multiple sectors including the resource, energy and industrial sectors. He specialises in equity capital markets and has been responsible for IPO's, placements, reverse takeovers, underwritings, corporate negotiations and corporate advisory for companies predominantly in the resource sector.

Mr Eddington has a Bachelor of Commerce Degree from The University of South Australia and a Graduate Diploma in Applied Finance & Investment from the Securities Institute of Australia.

Mr Eddington is a Director of Sparc Technologies Limited.

Dr Ian Wang, Non-Executive Director

Dr Wang has over 30 years' experience in the oil and gas industry. He previously held the position of CEO at NuEnergy Limited an Australian ASX listed company and currently serves as a non-executive member of the board. Prior to this he held the positions of General Manager of Greka Limited, a privately held oil and gas conglomerate with investments in China and India, and was General Manager of Clarke Energy China. He has held senior exploration roles at Sino Gas & Energy Limited (an ASX listed company focused on the exploration and development of gas assets in China) and Molopo Energy (an ASX listed company with oil and gas upstream interests in China, North America, and Africa).

Dr Wang holds a Master of Science and PhD from Imperial College, both in rock mechanics and structural geology and was an Associate Professor at the Chinese Academy of Science in Beijing.

Mrs Uyanga Munkhkhuyag, Non-Executive Director

Mrs Munkhkhuyag has over 10 years' experience in project development and management, specializing in infrastructure projects in the energy, logistics, gas and oil sector in Mongolia. She previously held positions of project coordinator, consultant and project director for several projects representing the project owners with overall management responsibility from development to commission.

Mrs Munkhkhuyag is currently project director at Jade's strategic partner, UB Metan LLC, undertaking roles to develop downstream facilities in the natural gas sector of Mongolia, including the construction of fuelling stations and a storage terminal, and establishing a new market to expand the end-users of natural gas.

Chris Whiteman, Corporate and Commercial Adviser

Appointed 10 June 2025. Chris Whiteman is an experienced energy sector executive with broad experience in corporate advisory, business development and commercial operations within the industry. Mr Whiteman joined Jade Gas at its inception in 2019, and as Commercial Manager has been a key member driving the growth of the Company from private to its listing on the ASX, and its rapid and successful development of the Company's flagship Tavan Tolgoi CBM Project. Mr Whiteman's energy sector experience includes roles at Beach Energy, Santos, and TRU Energy. He holds a Bachelor's Degree in Economics from the University of Adelaide.

Aaron Bertolatti, Company Secretary

Mr Bertolatti is a qualified chartered accountant and company secretary with over 16 years' experience in the mining industry and accounting profession. Aaron has significant experience in the administration of ASX listed companies, financial accounting, corporate governance and corporate finance. He was previously Australian Chief Financial Officer of Highfield Resources Ltd (ASX: HFR) and was the former CFO for 5E Advanced Materials Limited (ASX:5EA, NASDAQ:FEAM).

7. Investment Risks

Jade Gas Holdings is exposed to a range of technical, operational, financial, and market risks in developing the Tavantolgoi XXXIII Coal Bed Methane project in Mongolia. A clear understanding of these risks is essential when evaluating the company's investment and execution strategy.

Geological Risk

Coal seam gas outcomes hinge on seam thickness/continuity, gas content, permeability, and stress regime. Variability across Red Lake and nearby blocks could impair well deliverability.

Resource and Reserve Estimation Risk

Jade's contingent resource is concentrated at Red Lake (2C 246 Bcf; 1C 118 Bcf; 3C 305 Bcf), but lateral continuity and permeability must support horizontal drainage and dewatering to convert resources to reserves. Recent wells encountered "gassy coal" intervals and horizontal producers were brought online in June 2025, with a gas breakthrough in August 2025 and expected commercial rates in Q4 2025.

Red Lake's 2C resource (246 Bcf) underpins strategy; reserves bookings under the MRC is tied to pilot production proving sustained rates and to commercial pathways/offtake. The company has explicitly targeted 2025 flows to enable "customer contracts and reserves bookings."

Commodity Price Risk

Revenue sensitivity to local gas/CNG/LNG prices and competing fuels (diesel/coal-fired power). Jade's initial strategy is to supply South Gobi transport and power (CNG/LNG) substituting diesel—so realized netbacks depend on diesel parity and small-scale LNG/CNG economics, rather than international hub gas prices. Although diesel pricing is of course linked to the global oil price and LNG contracts are typically linked to the WTI.

Foreign Exchange Risk

Costs and funding largely in AUD/USD; many in-country costs in MNT; future sales likely in MNT or USD. Convertible notes/loans are USD/AUD; capex items (compressors, cryogenic kit) USD-linked; revenue currency still evolving.

Production Risk

Failure to achieve commercial rates due to low permeability, insufficient dewatering, sand/coal fines production, or wellbore instability in horizontals. Horizontal CBM wells at TTCBM started up in June 2025; success depends on sustained water drawdown and pressure reduction across targeted seams (e.g., seam III). Exploration wells have confirmed gassy intervals, but productivity is unproven at field scale.

Processing Risk

Gas must meet specs for CNG/LNG or power: dehydration, CO_2/N_2 handling, compression/liquefaction reliability at small scale, and water treatment/disposal. Early-stage South Gobi gas value chains will likely be modular (CNG/LNG skids). Water handling from dewatering is a core operational and ESG issue in an arid region.

Capital Operational Cost Inflation Risk

Imported equipment, rigs, and consumables exposed to global inflation and logistics premia to South Gobi. Region is remote, though mining build-out (rail/roads) is improving. Rail to China from Tavan Tolgoi is operational (2022), reducing some transport costs, but specialist gas kit still imported.

Joint Venture Risk

TTCBM is operated via Methane Gas Resource LLC with state-owned Erdenes Methane (the Government representative). Clarity on work programs, approvals, and profit sharing under the PSC/JV is critical to timelines.

Management, Labour and Skills Risk

Securing and retaining CBM-specific skills for horizontal drilling, fracking, artificial lift, small-scale gas processing is essential for successful operation. Mongolia's oil & gas workforce is nascent; much experience is mining centric. Jade has engaged a large CBM-capable rig and is planning a multi-well program that will stretch specialist talent.

Permitting & Compliance Risk

Delays or non-compliance across PSC commitments, environmental/water approvals, and surface access could affect project delivery. CBM is governed under Mongolia's 2014 Petroleum Law (covering unconventional petroleum) and related CBM regulations; Erdenes Methane is the state counterpart. Environmental and water management scrutiny in South Gobi is high.

Funding & Capital Access Risk

Pilot-to-development capital needs vs. small-cap balance sheet. Jade's funding is dependent on equity, notes, and related-party loans.

Infrastructure & Logistics Risk

Remote desert setting: power, water, roads, seasonal access, and evacuation logistics present challenges. South Gobi infrastructure has improved (notably the 233-km Tavan Tolgoi–China rail line in 2022, cutting bulk transport costs), but CBM kit/pipelines/fuel distribution still face distance and climate constraints. Power projects for the region remain policy priorities but have seen delays and changes.

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative:** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings:	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

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