EVOLUTION CAPITAL

JGH | INITIATION REPORT | Resources

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On the Cusp of Commercial Success

Evolution Capital initiates coverage of **Jade Gas Holdings Ltd** (ASX: JGH), starting with a **Speculative Buy rating** and **Price Target of $0.25**.

Gas Production: in August 2025, JGH recorded major success with two production horizontal wells in the Red Lake field (RL-Hz-01 and RL-Hz-02) commencing continuous gas flow. As the water is being pumped out of the wells and the pressure decreases further into the coal seam, the gas rate is expected to further increase over the coming months.

The wells are being operated in line with best-practice operations for lateral wells in the Qinshui Basin in China, the analogue field for Red Lake.

Analogue to Qinshui Basin, China: The geological similarities of the Qinshui and Red Lake fields, indicate the possibility that the broader field development should occur at similar speed and scale.

Mongolia opportunity: Mongolia is seeking to diversify away from imported fuels and coal-only generation, potentially offering policy or fiscal incentives. CBM could replace high-cost diesel in mining transport and power generation, reducing emissions and costs.

Supporting Mongolia's Energy Transition is a key priority for Jade, and success will result in: ① improving Mongolia's energy independence; ② supporting Mongolia's significant future energy demand growth; ③ improving the energy mix with cleaner fuel sources; ④ environmental and health benefits for the people and country of Mongolia.

Field Development Plan: once sustained gas flow rates are established above minimum commercial limits, study work will outline the potential scale of the operations aiming at establishing the Red Lake project as the first commercial gas operation in Mongolia.

LNG Value-Add: beyond extracting coal bed methane gas, the conversion to Liquified Natural Gas will add significant value to the project.

LNG Gas Sale: On 24 Sep 2025, JGH announced a first LNG Gas Sale Agreement with UB Methan LLC (UBM) for 20% of the Jade's output over an initial period of 5 years. UBM is the largest importer of natural gas products in Mongolia. The supply price is currently equivalent to US$20/GJ or US$21.9/Mcf, which compares favorably with our base case price assumption of US$20/Mcf.

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. The peak capital outflow is in the order of US$55 million in 2028. The development capital is assumed to be financed mainly by debt (up to $80m) and a modest equity raising of $6.0m in 2025 (150m shares at $0.04).

Red Lake Project Valuation: using a US$20/Mcf and 50% risk discount, we value the 60% JGH share of the Red Lake project at $483m ($0.25/share). Considering the large number of assumptions used in the production profile and our financial model, this valuation is highly speculative and subjective. Nevertheless, it gives an order of magnitude of the potential cash flow generated and value of the project. Among the various parameters to establish a development plan for the project, the commercial gas flow rates are a key determinant. As those are confirmed and sustained, they will unlock significant value for the project and the company.

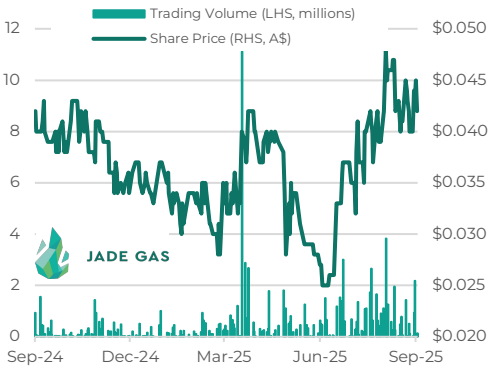
JGH Valuation and Investment Perspective: Our company valuation amounts to $491 million or $0.25 per share. The next few months include significant news flow and critical milestones. Should the company be successful, it shall generate tremendous value for shareholders.

Recommendation	**Spec. Buy**
Price Target	**$0.25**
Share Price	**$0.042**
Total Shareholder Return	**495%**

Company Profile

Market Capitalisation	$71m
Enterprise Value	$84m
Shares on Issue	1,686.8m
Free Float	36%
Avg. Daily Volume (3-month)	736k
52-Week Range	$0.025 - $0.049

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

Commercial Flow Rates	H2 2025
Additional Drilling	2025/26
Development Plan	H2 2025
Project Financing	Q1 2026
Potential HKEX Listing	Q1 2026

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Jade Gas Holdings Ltd (ASX: JGH) Financial Summary
Base Case: US$20/Mcf (First Sale Agreement @ US$20/GJ or US$21.9/Mcf)

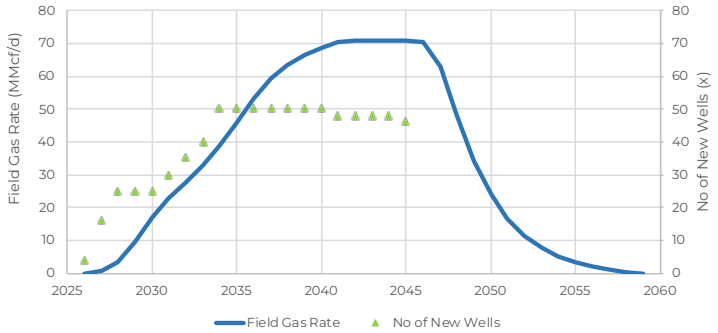
Key metrics

Market Information	Unit	Value
Number of Issued Shares	million	1,686.8
Unlisted Options (7.5¢, expiry 9 Nov 2025)	million	1.0
Unlisted Options (7.5¢, expiry 30 Nov 2025)	million	30.0
Unlisted Options (7.5¢, expiry 5 Dec 2025)	million	7.5
Unlisted Options (5.0¢, expiry 12 Dec 2027)	million	14.5
Performance Rights	million	90.0
Fully Diluted	million	1,829.8
Share Price	A$	0.041
12 month High-Low	A$	0.025 - 0.047
Market Capitalisation	A$m	69.16
Cash (as 30 Jun 2025))	A$m	0.03
Debt (as at 30 Jun 2025)	A$m	9.35
Director's loan	A$m	3.64
Entreprise Value	A$m	82.12

Financing Assumptions			Unit	Value
Equity raising in 2025	150 m @	$0.04	A$m	6.0
Number of shares post 2026 financing			A$m	1,965.3
Debt raising from $10m in 2026				
up to $86m in 2029 (repaid in the following three years, 12% interest rate)				

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$17	**US$20**	US$22
	x	0.70	$696m	$896m	$1,029m
	x	0.68	$717m	$922m	$1,060m
FX A$/US$	x	**0.65**	$750m	**$965m**	$1,108m
	x	0.63	$774m	$996m	$1,144m
	x	0.62	$786m	$1,012m	$1,162m
IRR	%		52%	62%	69%

JGH Sum of the Parts Valuation	NPV (A$m)	Risk Factor	A$m	Per Share
Red Lake Gas Project (50% risked NPV)	$965	50%	$482.5	$0.246
Baruun Naran Gas Project (BNG)	$10		$10.0	$0.005
Capital raising			$6.0	$0.003
Cash			$0.0	$0.000
Corporate costs			($7.4)	($0.004)
Valuation/Price Target			$491.2	$0.25

Financial Statements

Financial Year ending 31 Dec

Profit & Loss (A$m)	2024A	2025H	2026F	2027F	2028F
Revenue	0.0	0.1	0.0	3.2	19.4
Operating Costs	0.0	0.0	(0.3)	(2.0)	(3.2)
Royalties	0.0	0.0	0.0	(0.2)	(1.2)
Overhead Costs	(5.3)	(1.8)	(1.9)	(1.9)	(2.0)
Other Income/Costs	0.0	0.1	0.0	0.0	0.0
EBITDA	**(5.2)**	**(1.6)**	**(2.2)**	**(0.9)**	**13.0**
Depreciation	(0.2)	(0.1)	(2.9)	(3.4)	(6.0)
Net Interest	(0.4)	(0.4)	(1.2)	(2.4)	(6.0)
Tax and Other	0.0	0.0	0.0	0.0	0.0
Profit	**(5.8)**	**(2.1)**	**(6.4)**	**(6.7)**	**1.0**

Cash Flow (A$m)	2024A	2025H	2026F	2027F	2028F
Net Profit	(5.8)	(2.1)	(6.4)	(6.7)	1.0
+/- Adjustments	(0.3)	0.5	4.2	5.8	12.0
+/- Working Capital	(1.0)	1.1	(1.6)	(0.5)	(3.2)
+/- Other	4.1	(0.3)	0.3	(0.2)	(0.8)
Cash Flow from Operations	**(3.0)**	**(0.8)**	**(3.6)**	**(1.5)**	**9.0**
Net Capital Expenditure	(7.1)	(2.6)	(4.2)	(26.3)	(36.0)
Cash Flow from Investing	**(7.1)**	**(2.6)**	**(4.2)**	**(26.3)**	**(36.0)**
Net proceeds from Debt	5.9	2.0	8.8	27.6	24.0
Changes in Share Capital	3.6	0.0	6.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Other Financing Casfhlow	(0.1)	0.0	(0.4)	0.0	0.0
Cash Flow from Financing	**9.4**	**2.0**	**14.4**	**27.6**	**24.0**
Net Cash Change	**(0.7)**	**(1.4)**	**6.6**	**(0.3)**	**(3.0)**

Balance Sheet (A$m)	2024A	2025H	2026F	2027F	2028F
Cash	1.5	0.0	6.6	6.3	3.3
Other Current Assets	2.2	0.4	0.0	1.0	5.2
Total Current Assets	**3.7**	**0.5**	**6.6**	**7.3**	**8.5**
Property, Plant & Equipment	1.7	1.8	3.1	26.1	56.0
Exploration, Evaluation & Dev.	25.0	27.2	27.2	27.2	27.2
Non-Current Assets	0.1	0.0	0.0	0.0	0.0
Total Non-Current Assets	**26.7**	**29.0**	**30.3**	**53.3**	**83.2**
Total Assets	**30.4**	**29.5**	**36.9**	**60.6**	**91.8**
Equity	37.6	37.6	43.3	43.3	43.3
Reserves	5.7	2.7	2.7	2.7	2.7
Retained Earnings	(21.8)	(23.2)	(29.6)	(36.3)	(35.3)
Total Equity	**21.5**	**17.2**	**16.4**	**9.7**	**10.7**
Current Debt	8.0	10.4	10.4	10.4	10.4
Account Payables	0.7	1.7	0.1	0.4	0.7
Other Liabilities	0.2	0.1	0.0	0.0	0.0
Total Current Liabilities	**8.9**	**12.2**	**10.5**	**10.8**	**11.1**
Lease Liabilities	0.0	0.0	0.0	0.0	0.0
Non-current Debt	0.0	0.0	10.0	40.0	70.0
Total Non-current Liabilities	**0.0**	**0.0**	**10.0**	**40.0**	**70.0**
Total Liabilities	**8.9**	**12.3**	**20.5**	**50.9**	**81.1**
Total Equity + Liabilities	**30.4**	**29.5**	**36.9**	**60.6**	**91.8**

Profitability indicators	2024A	2025H	2026F	2027F	2028F
EBITDA margin					67%
Liquidity	**2024A**	**2025H**	**2026F**	**2027F**	**2028F**
Quick Ratio	0.3	0.0	0.0	0.1	0.4
Current Ratio	0.3	0.0	0.0	0.1	0.5
Capital structure	**2024A**	**2025H**	**2026F**	**2027F**	**2028F**
Equity ratio	1.2	1.3	1.2	0.7	0.5
Debt / Assets	0.3	0.4	0.6	0.8	0.9
Debt / EBITDA	-1.6	-6.4	-9.3	-54.3	6.2
DSCR	n/a	n/a	n/a	0.0	0.0

Source: Evolution Capital estimates

CONTENTS

All currencies are in Australian dollars unless otherwise specified.

1. JGH Valuation

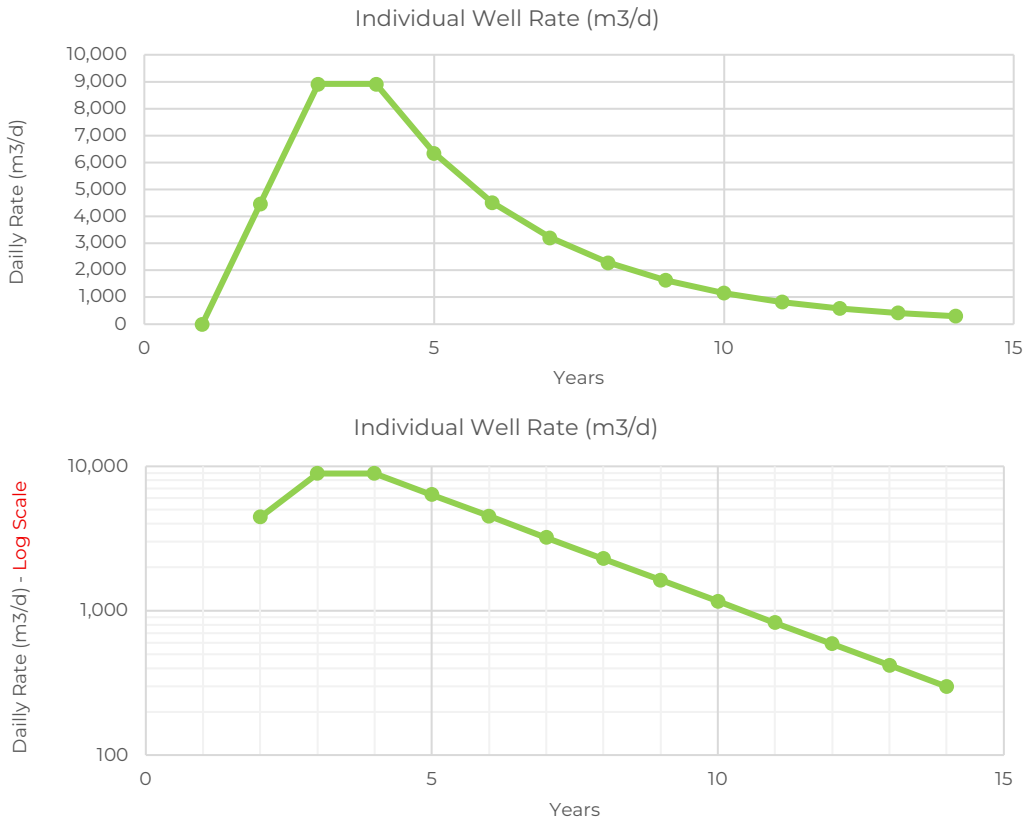
Production Profile and Financial Modelling

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

- Well peak rate: 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.

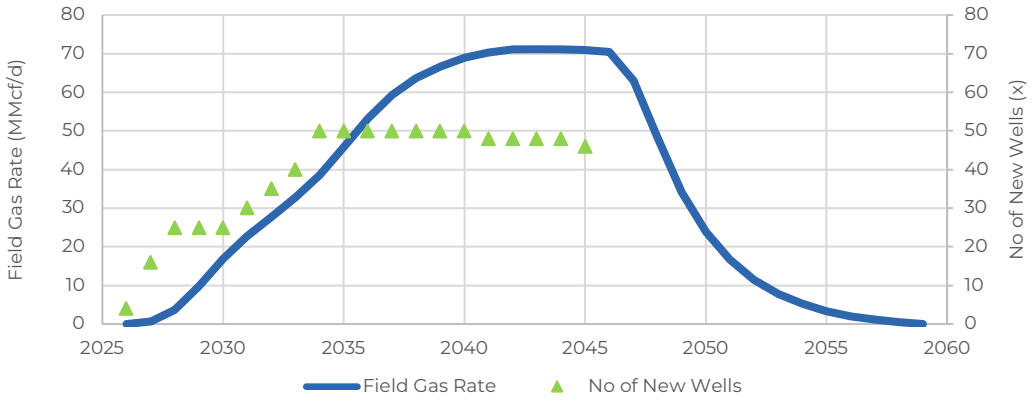
Figure 1.1 – Individual Well Model



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$0.5m as the number of wells increases
- Additional well capex (well gathering/equipment): 15%
- Workover cost: US$0.05m per well
- Maintenance cost: US$0.15m per year
- LNG initial capex: US$10m per 50 tpd module
- LNG sustaining capex: US$0.1m per year
- LNG opex: US$0.06m per module
- LNG other opex: US$165m over production profile
- Discount rate: 10%
- Corporate tax: no corporate tax payable on oil and gas production
- Production sharing arrangement: 60%/40%

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$17/Mcf	**US$20/Mcf**	US$22/Mcf
	0.70	$1,161m	$1,494m	$1,715m
	0.68	$1,195m	$1,537m	$1,766m
A$/US$	**0.65**	$1,250m	**$1,608m**	$1,847m
	0.63	$1,290m	$1,659m	$1,906m
	0.62	$1,310m	$1,686m	$1,937m
IRR		52%	62%	69%

Source: Evolution Capital estimates

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

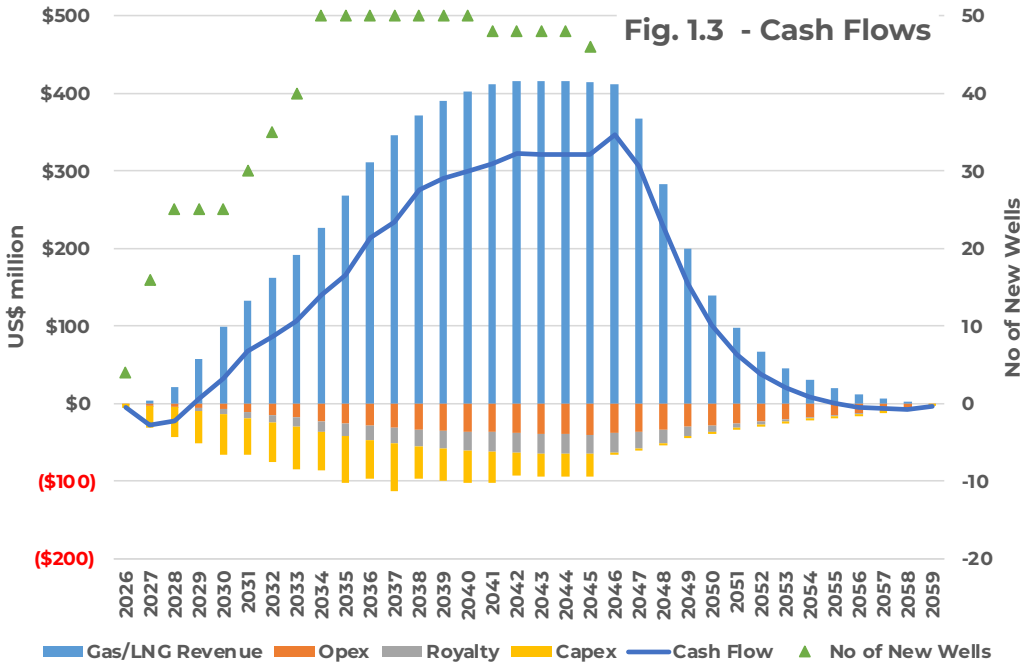
Gas Pricing		US$17/Mcf	**US$20/Mcf**	US$22/Mcf
	0.70	$696m	$896m	$1,029m
	0.68	$717m	$922m	$1,060m
A$/US$	**0.65**	$750m	**$965m**	$1,108m
	0.63	$774m	$996m	$1,144m
	0.62	$786m	$1,012m	$1,162m
IRR		52%	62%	69%

Source: Evolution Capital estimates

Our model results in a NPV of $965 million for our base case with IRR of 62%, reflecting the significant high value of LNG and the relatively modest capex and opex over the project life.

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 $750 million, representing about 10 times the current market capitalisation of the company.

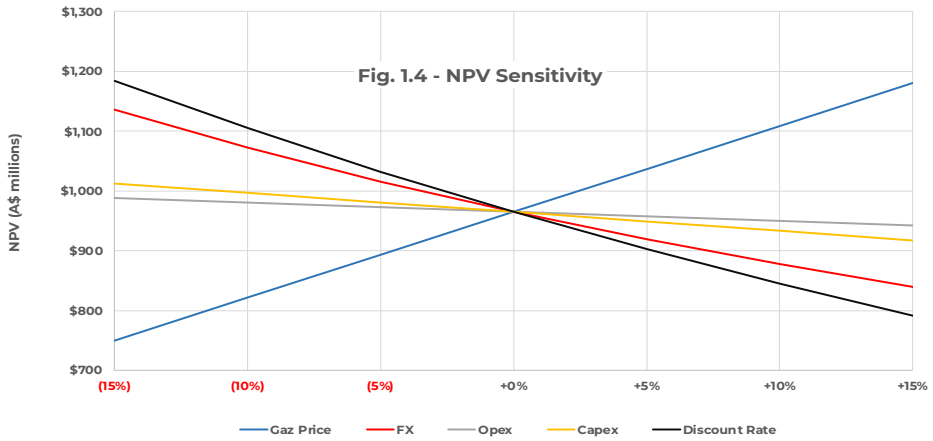
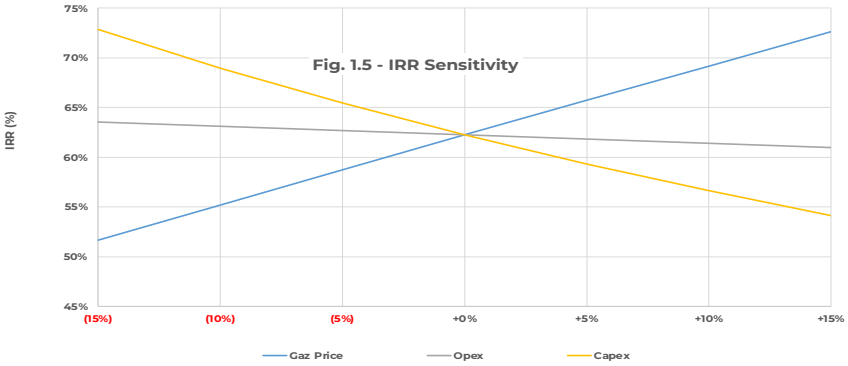


Figure 1.5 – IRR Sensitivity indicates that the project is most sensitive to gas prices and capex. In all cases the IRR remains above 50% demonstrating excellent profitability.



JGH Sum of the Parts Valuation

To derive our sum of the parts valuation, we have considered a total number of shares equal to 1,965.3 million including all options (and performance rights) assumed to be exercised up to the end of 2025 and a capital raising of 150 million shares issued at $0.04 for $6.0 million.

The capital expenditure is assumed to be funded by increasing long term debt levels starting at $10 million in 2026, increasing the $86 million in 2029, then decreasing to nil over the following two years. A significant amount of the debt is expected to be arranged with LNG off-takers.

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 (50% risked NPV)	$965m	50%	$482.5m	$0.246
Baruun Naran Gas Project (BNG)	$10		$10.0m	$0.005
Capital Raising			$6.0m	$0.003
Cash			$0.0m	$0.000
Corporate costs			($7.4m)	($0.004)
Fully Funded Valuation			**$491.2m**	$0.25

Source: Evolution Capital estimates

2. JGH Strategy

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. JGH 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.

While Mongolia's market is the first priority, there is also an opportunity to deliver some large LNG volumes into China.

3. SWOT Analysis

Strengths

Large, high-quality CBM resource base — Independent certification by RISC (2022) of 246 Bcf 2C resources at Red Lake, with demonstrated gas content in multiple seams.

Strategic location near major mining/industrial hubs — The project is adjacent to the giant Tavan Tolgoi coal mine and near Oyu Tolgoi copper/gold mine, offering ready domestic customers for CNG/LNG as diesel replacements.

First-mover advantage in Mongolia's CBM industry — One of the first companies progressing from exploration to pilot production under the 2014 Petroleum Law for unconventional gas.

Proximity to China's gas market — Short transport distance to China's northern industrial provinces, aided by the Tavan Tolgoi–China rail link commissioned in 2022.

Government-backed JV structure — Operates via Methane Gas Resource LLC with Erdenes Methane (state-owned), aligning national energy diversification interests with the project.

Weaknesses

Early-stage production profile — As of Sep 2025, commercial flow rates are not yet proven; gas breakthrough took place in August and commercial gas rates are anticipated in Q4 2025.

Limited financial resources — End-H1 2025 cash balance was A$0.03m; reliant on convertible notes and director loans for ongoing operations.

Technical dependence on successful horizontal well execution — Field development requires CBM-specific drilling and dewatering expertise not yet widely available in Mongolia.

Small corporate scale — Low market capitalisation and limited diversification make the company sensitive to single-project setbacks.

No established domestic CBM market — Requires parallel development of local gas processing/distribution infrastructure and customer base.

Opportunities

Growing Mongolian demand for cleaner fuel — CBM could replace high-cost diesel in mining transport and power generation, reducing polluting emissions and costs.

Supportive government energy policy — Mongolia is seeking to diversify away from imported fuels and coal-only generation, potentially offering policy or fiscal incentives.

Leverage infrastructure build-out — New rail line to China and ongoing South Gobi road upgrades improve equipment delivery and product transport viability.

Potential to expand resource base — Additional CBM permits (Shivee Gobi, Eastern Gobi) and partnership with MMC at Baruun Naran offer medium-term growth.

Strategic partnerships/offtake — Binding gas supply agreements with major mines or Chinese buyers could fast-track reserve booking and underpin financing.

Threats

Reservoir performance uncertainty — Gas and water production profiles may not meet commercial thresholds, delaying reserves conversion.

Funding risk — Ongoing reliance on equity/debt raises in volatile small-cap markets.

Commodity price volatility — Local CBM economics are linked to diesel and LNG pricing, both sensitive to global oil/gas markets.

Regulatory and JV risks — Potential delays in PSC approvals, environmental permits, or JV decision-making with Erdenes Methane.

Geopolitical and logistical risks — Cross-border trade with China and remote operations in the South Gobi are exposed to seasonal weather, border delays, and geopolitical shifts.

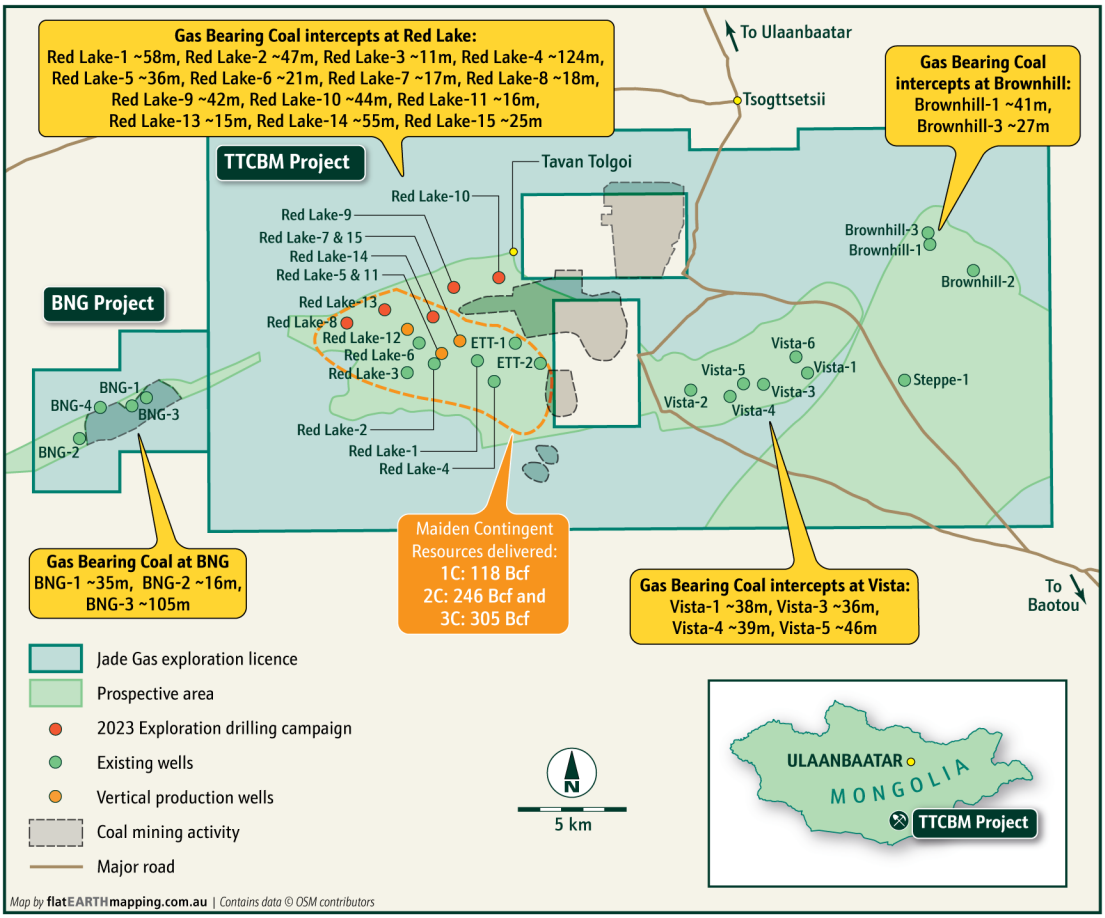
Competition from alternative fuels — Coal remains abundant and cheap in Mongolia; renewables with storage could also compete for clean energy investment.

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.

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[1] 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.

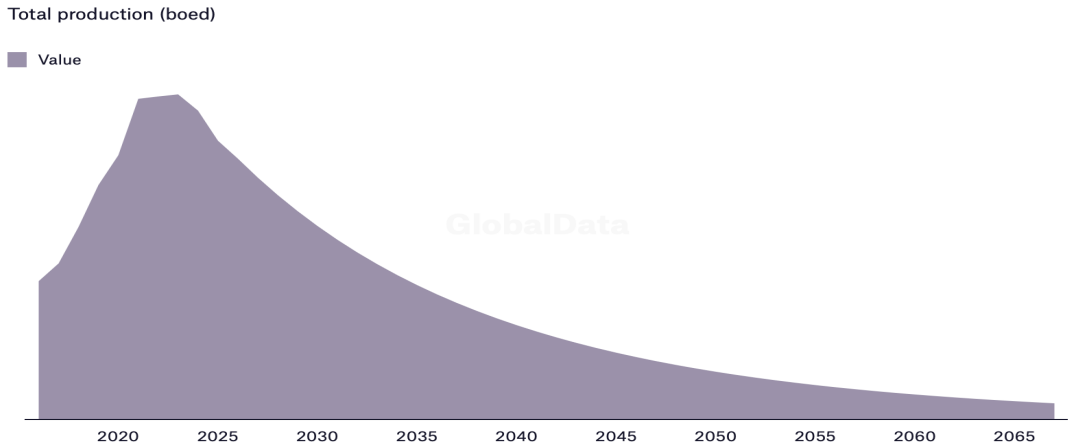
Here is some information extracted from the FY2021 report (30 March 2022)

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

[1] *Asian American Gas*

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).

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, Interim Chief Executive Officer

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 booking 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 booking."

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, 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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