



Jade Secures A\$11M Financing

- Jade has entered into an agreement with its strategic shareholder, UB Metan LLC (UBM), to secure A\$11 million via the issue of unsecured convertible notes
- The Notes have a conversion price of \$0.045 representing a 22% premium to Jade's closing share price on 31 October 2023
- The funds will be used primarily for the horizontal drilling program and pilot production project at Tavantolgoi and to expedite the appraisal of the nearby Baruun Naran Gas Project

Jade Gas Holdings Limited (ASX:JGH, Jade or the **Company**) announces the execution of a convertible note deed with one of its largest shareholders, UB Metan LLC (**UBM**) to raise a total of A\$11 million (the **Notes**).

Convertible Note Financing

The Notes will be unsecured, subject to shareholder approval and will be convertible in full at the election of UBM or Jade at a conversion price of A\$0.045 per Note. The conversion price represents a 22% premium to Jade's closing share price on 31 October 2023. The Notes have a maturity date of 12 months from the date of the full subscription amount being transferred and are subject to an interest rate of 10% per annum. Interest accrued on the Notes will be capitalised and satisfied through the issue of Jade shares on conversion of the Notes. Accordingly, the exact number of shares to be issued on conversion will depend on the amount of interest accrued prior to conversion of the Notes. The subscription funds will be advanced by UBM to the Company in accordance with a payment schedule defined in the financing agreement which requires the final tranche to be paid by 30 April 2024.

The Notes contain certain conditions customary for a transaction of this type, and importantly requires the Company to obtain shareholder approval for the issue of the Notes (and shares to be issued on conversion of the Notes) under item 7 of section 611 of the Corporations Act (**Shareholder Approval**). The Shareholder Approval is required to permit UBM, as a 19.9% shareholder, to increase its shareholding to above 20% on conversion of the Notes. This requires shareholders to be provided with an Independent Expert Report (**IER**) to evaluate the transaction. The IER will be contained in the Notice of Meeting which will be despatched to shareholders ahead of the extraordinary general meeting, expected to be held on or around 15 February, 2024, at which the Shareholder Approval will be sought. Other key terms of the Notes are set out in Appendix A below and will be detailed in Jade's notice of extraordinary general meeting to be dispatched to shareholders.

Directors



UB Metan LLC

UBM is Mongolia's largest importer and distributor of natural gas, in the form of LNG, and is looking for opportunities to expand the usage of natural gas as the Mongolian market focuses on the transition to cleaner and more secure energy. UBM has been a key partner of Jade since its inception, and has supported Jade in both financial and operational activities. In the event that the Notes are issued and converted into shares, UBM's stake in Jade will increase from 19.9% to a maximum of approximately 32%¹.

Under the financing agreement, the Company has agreed to continue to negotiate in good faith to expand, either by way of joint venture or gas supply agreement, its cooperation with UBM established under the Memorandum of Understanding (**MOU**) in April 2022 (refer ASX Release dated 19 April 2022). Under the MOU, the parties aim to collaborate effectively on the timely and efficient commercialisation of the TTCBM Project. Recent progress under the MOU has seen the two parties investigating the potential to enter a formal joint venture arrangement to facilitate sales of coal seam gas from the TTCBM Project. The Company will keep the market informed in accordance with its continuous disclosure obligations.

Use of Funds

Jade intends to use the funds received from the convertible note financing to advance the Company's portfolio of coal seam gas projects. Primarily for Mongolia's first horizontal drilling campaign at the Company's flagship project at the Tavantolgoi basin in Mongolia (**TTCBM Project**), advancement of the appraisal at the BNG Project (a joint venture with Mongolian Mining Corporation Limited) adjacent to the TTCBM Project, continued assessment of the Shivee Gobi and Eastern Gobi coal seam gas appraisal projects, and general working capital.

Commenting on the investment, Jade Executive Chairman, Dennis Morton, said:

We are honoured to have the continued support of our strategic shareholder UB Metan LLC. As a well-established Mongolian energy supplier, the team at UBM recognise the essential requirement for natural gas during the transition to greener energy supplies in the country. The UBM investment is another vote of confidence in the Jade team and what we have already achieved in a very short time – a contingent resource that can satisfy the energy requirements of multiple industrial users in the South Gobi for many years – and with considerable upside potential. We are excited to expand our cooperation with UBM as we aim to meet the growing energy needs of the region.

- ENDS -

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

For further information contact:

¹ The final percentage shareholding will be determined at the date of election to convert, at which point any interest accrued on the funds advanced will be repaid via the issue of ordinary shares at the conversion price. The percentage increase is based on Jade's current capital structure and assumes that the Notes convert on the maturity date.



JADE GAS

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About Jade Gas Holdings Ltd

Jade Gas Holdings Limited is a gas exploration company focused on the coal bed methane (**CBM**) potential of Mongolia. Jade's flagship project is the Coal Bed Methane gas project over the Production Sharing Agreement (**PSA**) area of Tavantolgoi XXXIII unconventional oil basin, (**TTCBM Project**). Jade will operate and manage the project through its subsidiary Methane Gas Resource LLC (**MGR**), a joint venture (**JV**) company partnering with Erdenes Methane LLC (**EM**), the representative of the Mongolian Government. The JV was formed with the intention to explore, develop and produce gas from the TTCBM Project permit (Jade 60%, Erdenes Methane LLC 40%), located in the South Gobi region of Mongolia.



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

Jade acquired two large prospective CBM permits, Shivee Gobi and Eastern Gobi. Both permits cover an area of over 18,000km² and are well located within existing coal basins and near coal deposits and mines.



It is the strategy of Jade to seek to develop all of its projects so that gas produced may, in the long-term, provide a reliable supply option to the oil and gas product market and the power sector in Mongolia, both to the capital city of Ulaanbaatar and also regional areas. Achievement of this strategy would partially displace the imported gas and gas liquid products, reduce higher carbon emitting fuel sources such as coal and diesel, the result of which would be the improvement in air quality of Ulaanbaatar city and other towns.

Supporting Mongolia's energy transition is a key priority for Jade, and success will result in:

- Improving Mongolia's energy independence
- Supporting Mongolia's significant future energy demand growth
- Decarbonizing the economy by improving the energy mix with cleaner fuel sources
- Environmental and health benefits for the people and country of Mongolia

**Appendix A: Key terms of Convertible Note**

Face Value	A\$1.00 per Note.
Funds Raised	A\$11,000,000 (before costs) (Subscription Amount).
Debt Instrument	Prior to obtaining the Shareholder Approval, the Notes will be debt instruments and interest will accrue on the Subscription Amount (to the extent drawn down) at the Interest Rate.
Subscriber	UB Metan LLC (Subscriber or UB Metan), a Mongolian entity that currently holds 313,630,800 Shares, being 19.9% of the Company's issued share capital.
Shareholder approval	<p>The Notes will not be issued unless and until the Company obtains Shareholder approval for the issue of the Notes pursuant to item 7 of section 611 of the Corporations Act (Shareholder Approval). The Shareholder Approval must be sought within 120 days following receipt of the Subscription Amount.</p> <p>The Company must repay the Subscription Amount and accrued interest if the Shareholder Approval is not obtained.</p>
Conversion	<p>A Note will convert into Shares (Conversion) on the earlier of:</p> <ul style="list-style-type: none">(a) the Subscriber or the Company converts any or all of the Notes and Interest accrued on the relevant Notes by providing written notice to the other party (Conversion Notice); and(b) the Maturity Date. <p>On Conversion, the Company must capitalise the Interest and issue the relevant number of Shares to the Subscriber based on the following formula within 5 Business Days of the Conversion Notice:</p> $\text{Number of Shares} = \frac{\text{Subscription Sum} + \text{Interest}}{\text{Conversion Price}}$
Conversion	A\$0.045 (Conversion Price)
Conversion Rights	Jade may, at any time prior to the Maturity Date elect to convert all or part of the Convertible Notes and Interest into Shares. The Noteholder may, at any time after the Issue Date and prior to the Maturity Date, elect to convert all or part of the Convertible Notes and Interest into Shares by providing the Company with notice of the conversion in a form acceptable to the Company acting reasonably



Interest	10% per annum, simple, non-compounding interest, accruing daily on the Subscription Amount, or any part thereof, advanced to the Company (Interest). The Interest will be capitalised and added to the Subscription Sum in determining the number of Shares issued on Conversion.
Security	The Notes will be unsecured, unsubordinated and rank behind any secured indebtedness of the Company whilst ranking pari-passu as between themselves.
Unquoted	The Notes will be unquoted. JGH will apply for quotation of the Shares issued on Conversion.
Maturity	12 months from the date that the Subscriber pays the Subscription Amount in full (Maturity Date).