Jadestone Energy Inc.

CONSOLIDATED FINANCIAL STATEMENTS

for the nine months ended December 31, 2017 and year ended March 31, 2017

Company Registration No. BC0350583 (Canada)

Jadestone Energy Inc.
MANAGEMENT'S REPORT

The accompanying consolidated financial statements are the responsibility of management. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards outlined in the notes to the consolidated financial statements.

Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the presentation of consolidated financial statements.

Deloitte & Touche LLP, an independent firm of chartered accountants, was appointed by the shareholders to audit the consolidated financial statements and to provide an independent professional opinion.

The Audit Committee reviewed the consolidated financial statements with management. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

"A. Paul Blakeley"

A. Paul Blakeley
Director

"Daniel Young"

Daniel Young
Chief Financial Officer

April 24, 2018

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

JADESTONE ENERGY INC.

We have audited the accompanying consolidated financial statements of Jadestone Energy Inc., which comprise the consolidated statement of financial position as at December 31, 2017 and March 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the nine month period ended December 31, 2017 and year ended March 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A)

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

JADESTONE ENERGY INC.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial positions of Jadestone Energy Inc. as at December 31, 2017 and March 31, 2017, and of its financial performance and its cash flows for the nine month period ended December 31, 2017 and year ended March 31, 2017, in accordance with International Financial Reporting Standards.

Public Accountants and
Chartered Accountants
Singapore

April 24, 2018

Jadestone Energy Inc.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017 and March 31, 2017

ASSETS	Notes	December 31, 2017 US$000	March 31, 2017 US$000 Restated
Non-current assets:			
Intangible exploration assets	18	105,673	104,929
Oil and gas properties	19	62,238	64,334
Deferred tax assets	20	23,821	17,541
Plant and equipment	21	648	680
Restricted cash	25	10,729	669
		203,109	188,153
Current assets:			
Inventories	23	9,610	10,801
Receivables and prepayments	24	4,719	7,039
Cash and cash equivalents	25	10,450	14,478
		24,779	32,318
TOTAL ASSETS		227,888	220,471
EQUITY AND LIABILITIES			
Equity:			
Share capital	26	364,466	364,466
Share-based payment and warrants	27	21,855	21,419
Accumulated losses		(278,123)	(263,193)
		108,198	122,692
Non-current liabilities:			
Provision for asset restoration obligations	28	84,728	77,186
Other payables	29	7,259	6,918
Deferred tax liabilities		200	1,200
Secured convertible bonds	32	12,770	-
Derivative financial instruments	32	3,067	-
		108,024	85,304
Current liabilities:			
Borrowings	30	829	435
Trade & other payables, accruals and provisions	31	10,837	12,040
		11,666	12,475
TOTAL EQUITY AND LIABILITIES		227,888	220,471

The accompanying notes are an integral part of the consolidated financial statements

Jadestone Energy Inc.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the nine months ended December 31, 2017 and the year ended March 31, 2017

	Notes	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000 Restated
Gross revenue	6	60,443	35,142
Royalties		(8,429)	(725)
Net revenue		52,014	34,417
Production costs	7	(43,520)	(36,267)
Depletion, depreciation and amortization	8	(9,986)	(3,896)
Staff costs	11	(9,019)	(10,805)
Other expenses	12	(6,330)	(6,849)
Impairment of assets	13	-	(10,229)
Other income	14	753	239
Purchase discount	10	-	789
		(16,088)	(32,601)
Finance costs	15	(4,304)	(2,029)
LOSS BEFORE TAX		(20,392)	(34,630)
Taxation credit/(expense)	16	5,462	(1,867)
LOSS FOR THE PERIOD/YEAR		(14,930)	(36,497)
Loss per ordinary share:			
Basic and diluted (US$)	17	(0.07)	(0.26)

The accompanying notes are an integral part of the consolidated financial statements

Jadestone Energy Inc.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine months ended December 31, 2017 and the year ended March 31, 2017

	Share capital US$000	Share-based payment reserves US$000	Accumulated losses US$000 Restated	Total US$000
At April 1, 2017	364,466	21,419	(263,193)	122,692
Loss for the period	-	-	(14,930)	(14,930)
Transactions with owners, recognized directly in equity				
Recognition of share-based compensation	-	436	-	436
Total transactions with owners	-	436	-	436
At December 31, 2017	364,466	21,855	(278,123)	108,198
At April 1, 2016	324,748	21,316	(226,696)	119,368
Loss for the year	-	-	(36,497)	(36,497)
Transactions with owners, recognized directly in equity				
Share capital issued (private placement)	39,805	-	-	39,805
Recognition of share-based compensation	-	103	-	103
Share issue costs (private placement)	(87)	-	-	(87)
Total transactions with owners	39,718	103	-	39,821
At March 31, 2017	364,466	21,419	(263,193)	122,692

Jadestone Energy Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine months ended December 31, 2017 and the year ended March 31, 2017

	Notes	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000 Restated
OPERATING ACTIVITIES			
Loss before tax		(20,392)	(34,630)
Adjustments for:			
Depletion, depreciation and amortization	8	9,986	3,896
Finance costs	15	4,247	1,695
Gain on disposal of assets	14	(412)	-
Share-based payment		436	103
Unrealized foreign exchange loss	15	114	339
Impairment of intangible exploration assets		-	8,512
Impairment of materials and spare parts		-	1,717
Purchase discount		-	(789)
Write-back of material and spare parts	14	(29)	-
Interest income	15	(57)	(5)
Inventories written down		-	713
Operating cash flows before movements in working capital		(6,107)	(18,449)
Changes in working capital:			
Decrease in inventories		1,220	11,304
Decrease/(increase) in receivables and prepayments		2,320	(2,354)
(Increase)/decrease in trade & other payables, accruals and provisions		(2,482)	1,116
Cash used in operations		(5,049)	(8,383)
Taxation paid	16	(1,610)	-
NET CASH USED IN OPERATING ACTIVITIES		(6,659)	(8,383)

Jadestone Energy Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine months ended December 31, 2017 and the year ended March 31, 2017

	Notes	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
INVESTING ACTIVITIES			
Acquisition of Stag Oilfield, net of cash acquired	9	-	(18,494)
Acquisition of Ogan Komering, net of cash acquired	10	-	(1,641)
Payment for oil and gas properties	19	(1,772)	(288)
Proceeds from disposal of intangible exploration asset		400	-
Proceeds from disposal of motor vehicle		12	-
Payment for intangible exploration assets	18	(619)	(4,234)
Payment for plant and equipment	21	(167)	(632)
Interest received		57	5
NET CASH USED IN INVESTING ACTIVITIES		(2,089)	(25,284)
FINANCING ACTIVITIES			
Proceeds from share issuance		-	39,805
Pledge deposit for bank guarantee	25	(10,000)	-
Net drawdown from convertible bonds		14,550	-
Net drawdown on borrowings	30	818	428
Payments for borrowings		(435)	-
Payments of convertible bonds facility expenses	32	-	(560)
Payments of bonds facility standby fees	32	(239)	(115)
Share issuance costs		-	(87)
NET CASH FROM FINANCING ACTIVITIES		4,694	39,471
Effect of translation on foreign currency cash and cash equivalents		26	(443)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,028)	5,361
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR		14,478	9,117
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR		10,450	14,478

1. CORPORATE INFORMATION

Jadestone Energy Inc. (the "Company" or "Jadestone") is an oil and gas company incorporated in Canada. The Company's common shares are listed on the TSX Ventures Exchange ("TSX-V") under the symbol JSE. The financial statements are expressed in United States Dollars ("US$").

The Company and its subsidiaries (the "Group") are engaged in production, development, and exploration and appraisal activities in Australia, Indonesia, Vietnam and the Philippines. The Company's current two producing assets are in the Carnarvon Basin, offshore Western Australia and onshore Sumatra, Indonesia.

The Company's head office is located at Keppel Towers, #15-05/06, 10 Hoe Chiang Road, Singapore 089315. The registered office of the Company is 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1 Canada.

During the nine months ended December 31, 2017, the Company approved a change in its year end from March 31 to December 31. Jadestone's transition period is the nine months ended December 31, 2017. The comparative period is the 12 months ended March 31, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of International Financial Reporting Standards ("IFRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories*, or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value adjustments are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value adjustments are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Amendments to IFRSs that are mandatorily effective for the current period

In the current period, the Group adopted amendments to IAS7 *Cash flow statements*, that were mandatorily effective for an accounting period that began on or after April 1, 2017.

The application of these amendments to IAS7 had no material impact on the Group's consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that are relevant to the Group, and were issued, but not effective:

Amendments to IFRS 2	Share-based payment: classification and measurement of share-based payment transactions [1]
IFRS 9	Financial instruments [1]
IFRS 15	Revenue from contracts with customers (and the related clarifications issued) [1]
IFRS 16	Leases [2]
Amendments to IFRSs	Annual improvements to IFRS 2014-2016 cycle [1]

[1] Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted

[2] Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted

Management anticipates that the adoption of the above IFRSs, IFRIC and amendments to IFRSs in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:

IFRS 9 *Financial instruments*

IFRS 9 was issued in December 2014 to replace IAS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) general hedge accounting, and (iii) impairment requirements for financial assets.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt instruments and equity investments are measured at fair value through profit and loss ("FVTPL"), at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss;

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, IFRS 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk, be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss;

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised; and

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an economic relationship. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management is currently assessing and has yet to complete the detailed analysis on the possible impact of the initial application of IFRS 9. It is therefore impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial adoption.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance, including IAS 17 *Leases* and the related interpretations, when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost, and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. Furthermore, extensive disclosures are required by IFRS 16. The Group's operating lease arrangements are disclosed in Note 35.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding

liability in respect of all these leases unless they qualify for low value or short-term leases under IFRS 16.

Management is currently assessing and has yet to complete the work on the possible impact of implementing IFRS 16. It is therefore impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application. Management does not plan to early adopt the above new IFRS 16.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company and its subsidiaries. Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

BUSINESS COMBINATIONS

Acquisitions of businesses (including joint operations which are assessed to be businesses) are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer, in accordance with the method in IFRS 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement

period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Where an interest in a Production Sharing Contract ("PSC") is acquired by way of a corporate acquisition, the interest in the PSC is treated as an asset purchase unless the acquisition of the corporate vehicle meets the requirements to be treated as a business combination and definition of a business.

GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a purchase discount gain.

FOREIGN CURRENCY TRANSACTIONS

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognized in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognized in other comprehensive income.

JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

Changes to the Group's interest in PSCs usually require the approval of the appropriate regulatory authority. A change in interest is recognized when:

a) Approval is considered highly likely; and

b) All affected parties are effectively operating under the revised arrangement.

Where this is not the case, no change in interest is recognized and any funds received or paid are included in the statement of financial position as Contractual deposits.

Reimbursement of Joint Operator's costs

The Company's subsidiaries, when acting as operator, incur certain general overhead expenses in carrying out activities on behalf of the joint operation. As these costs are often not specifically identified, the PSCs allow the operator to recover the general overhead expenses incurred by charging an overhead fee that is based on a fixed percentage of the total costs incurred during a period. Such overhead fees have been disclosed as Joint Operator Overhead Charge. Although the purpose of this recharge is similar to the reimbursement of direct costs, the subsidiaries are not acting as agent in this case. Therefore, the general overhead expenses and the overhead fee are recognized as an expense and income respectively.

PRE-LICENCE AWARD COSTS

Costs incurred prior to the effective award of oil and gas licences, concessions and other exploration rights are expensed in the statement of profit and loss and other comprehensive income.

EXPLORATION AND EVALUATION COSTS

The costs of exploring for and evaluating oil and gas properties, including the costs of acquiring rights to explore, geological and geophysical studies, exploratory drilling and directly related overheads such as directly attributable employee remuneration, materials, fuel used, rig costs and payments made to contractors are capitalized and classified as intangible exploration assets (E&E assets).

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through profit or loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. the drilling of additional wells), it is probable they can be commercially developed, the costs continue to be carried as intangible exploration costs while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as intangible exploration assets.

All such capitalized costs are subject to technical, commercial and management review, as well as review for indicators of impairment at the end of each reporting period. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When such intent no longer exists or if there is a change in circumstances signifying an adverse change in initial judgment, the costs are written off.

When commercial reserves of hydrocarbons are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved or probable reserves are determined to exist. The determination of proved or probable reserves is dependent on reserve evaluations which are subject to significant judgments and estimates.

Costs related to geological and geophysical studies that relate to blocks that have not yet been acquired, and costs related to blocks for which no commercially viable hydrocarbons are expected, are taken direct to the profit or loss and have been disclosed as expensed exploration costs.

FARM-OUTS IN THE EXPLORATION AND EVALUATION PHASE

The Group does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

OIL AND GAS PROPERTIES

Producing assets

The Group recognises oil and gas properties at cost less accumulated depletion, depreciation and impairment losses. Directly attributable costs incurred for the drilling of development wells and for the construction of production facilities are capitalised together with the discounted value of estimated future costs of decommissioning obligations. Workover expenses are recognised in profit or loss in the period in which they are incurred. When components of oil and gas properties are replaced, disposed of, or no longer in use, they are derecognised.

Depletion and amortisation expense

Depletion of oil and gas properties is calculated using the units of production method for an asset or group of assets from the date in which they are available for use. The cost of those assets are depleted based on proved and probable reserves. Costs subject to depletion include expenditures to date, together with approved estimated future expenditure to be incurred in developing proved and probable reserves. Costs of major development projects are excluded from the costs subject to depletion until they are available for use.

The impact of changes in estimated reserves is dealt with prospectively by depreciating the remaining carrying value of the asset over the expected future production. If reserves estimates are revised downwards, earnings could be affected by higher depreciation expense or an immediate write-down of the property's carrying value.

Asset restoration obligations

The Group estimates the future removal and restoration costs of oil production facilities, wells, pipelines and related assets at the time of installation or acquisition of the assets and based on prevailing legal requirements and industry practice. In most instances, the removal of these assets will occur many years in the future. The estimates of future removal costs are made considering relevant legislation and industry practice and require management to make judgments regarding the removal date, the extent of restoration activities required and future removal technologies.

Site restoration costs are capitalised within the cost of the associated assets and the provision is stated in the statement of financial position at total estimated present value. These costs are based on judgements and assumptions regarding removal dates, technologies, and industry practice. This estimate is evaluated on a periodic basis and any adjustment to the estimate is applied prospectively. Changes in the estimated liability resulting from revisions to estimated timing, amount of cash flows, or changes in the discount rate are recognised as a change in the asset restoration liability and related capitalised asset restoration cost.

The change in net present value of the future obligations due to passage of time is expensed as accretion expense within financing charges. Actual restoration obligations settled during the period reduce the decommissioning liability.

The asset restoration costs are depleted using the units of production method (see above accounting policy).

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred and this includes borrowing costs in relation to exploration activities which are capitalized in intangible exploration assets as management is of the view that these do not meet the definition of a qualifying asset.

PLANT AND EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and any recognized impairment loss.

Depreciation is charged so as to write off the cost of assets evenly over their estimated useful lives, on the following basis:

Computer equipment	3 years
Fixtures and equipment	3 years
Motor vehicles	3 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

IMPAIRMENT OF TANGIBLE ASSETS AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use, are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

INVENTORY

Inventories are valued at the lower of cost and net realisable value. Cost is determined as follows:

- Petroleum products, comprising primarily of extracted crude oil stored in tanks, pipeline systems and aboard vessels, and natural gas, are valued using all costs of production inclusive of amortisation and depreciation; and
- Materials, which include drilling and maintenance stocks, are valued at the cost of acquisition.

Net realisable value represents the estimated selling price less applicable selling expenses. If the carrying value exceeds net realizable value, a write-down is recognized. The write-down may be reversed in a subsequent period if the inventory is still on hand but the circumstances which caused the write-down no longer exist.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Group has become a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid, or received, that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount of initial recognition.

Financial assets

The Group has classified all its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets that are not quoted in an active market. They are included in current assets except for those maturing later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables include trade and other receivables and cash at bank as shown on the statement of financial position.

Other receivables

Other receivables are initially recognized at fair value. They are subsequently measured at amortized cost using the effective interest method less any provision for impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or significant delay in payments, are objective evidence that these financial assets are impaired.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of allowance of the impairment is recognized in profit or loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly, for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership, and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Other payables

Other payables are initially recognized at fair value, net of transaction costs, and subsequently at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received, net of direct issue costs, except where the accounting treatment is defined by a separate accounting standard, as in the case of share based payments and warrants.

Convertible bonds

Convertible bonds are regarded as compound instruments, consisting of a debt host component and an equity conversion option, which are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement on initial recognition. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a variable number of the Company's own equity instruments, is classified as a derivative financial liability. Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, is classified as an equity instrument.

On initial recognition, the fair value of the liability host component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loans and the fair value assigned to the liability host component, representing the conversion option for the holder to convert the loans into equity, is recognized separately as a derivative financial liability.

In subsequent periods, the derivative financial liability which represents the equity conversion option is measured at its fair value and with fair value changes recognized in the profit or loss. The liability host component is carried at amortized cost using the effective interest method until the liability is extinguished on conversion or redemption.

Upon conversion, the derivative financial liability and the carrying amount of the liability host component will be transferred to share capital.

Transaction costs

Transaction costs that relate to the issue of the convertible loans are allocated to the liability host and equity or derivative liability components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity components are charged directly to equity. Transaction costs relating to the liability components are included in the carrying amount of the liability and amortized over the period of the convertible loans using the effective interest method.

Transaction costs incurred prior to any issue of the convertible loans are capitalised as prepayments and assessed for indications for impairment at the end of each reporting period. The amount of the impairment is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized, and the consideration paid and payable, is recognized in profit or loss.

Derivative financial instruments

A derivative financial instrument is initially recognized at its fair value on the date the contract is entered into, and is subsequent carried at its fair value. Fair value changes for derivative financial instruments are included in profit or loss in the financial year when the changes arise.

FAIR VALUE ESTIMATION OF FINANCIAL ASSETS AND LIABILITIES

The fair value of current financial assets and liabilities carried at amortized cost, approximate their carrying amounts, as the effect of discounting is immaterial.

SHARE-BASED PAYMENTS

Share based incentive arrangements are provided to employees which allow them to acquire shares of the Company. The fair value of options granted is recognized as an employee expense with a corresponding increase in equity.

Share options are valued at the date of grant using the Black-Scholes pricing model, and are charged to operating costs over the vesting period of the award. The charge is modified to take account of options granted to employees who leave the Company during the vesting period and forfeit their rights to the share options, and in the case of non-market related performance conditions, where it becomes unlikely they will vest. At the end of the reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date at which the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognized for the goods and services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in profit or loss for the year. The Company does not issue cash-settled options.

When the share-based payment awards held by the employees of an acquirer (acquirer awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquirer awards and the replacement awards are measured in accordance with IFRS 2 ("market-based measure") at the acquisition date. The portion of the replacement award that is included in measuring the consideration transferred in a business combination, equals the market-based measure of the acquirer awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquirer awards. The excess of the market-based measure of the replacement awards over the market-based measure of the acquirer awards included in measuring the consideration transferred, is recognized in profit or loss.

WARRANTS

The warrants enable shares of the Company to be acquired in the future at fixed rates, granted to shareholders as an incentive to invest in the shares of the Company, or to brokers to facilitate that investment. Such warrants not issued in exchange for goods or services are generally within the scope of IAS 32 and IAS 39.

To determine the appropriate accounting under IAS 32, the Group carefully reviews the terms and conditions of the warrants to understand whether the warrants have characteristics of:

- A derivative financial liability that is measured at fair value, with changes in value recorded in profit or loss; or
- An equity instrument.

Under IAS 32, equity classification applies to instruments where a fixed amount of cash (or liability), denominated in the issuer's functional currency, is exchanged for a fixed number of shares (often referred to as the "fixed for fixed" criteria). The Group has evaluated all warrants issued in the prior years as none was issued in the current period and evaluated that the warrants have characteristics of an equity instrument, as the exercise price of the warrant is fixed, the price is denominated in the same functional currency of the Company, and the number of shares to be issued upon exercise of the warrant is fixed.

Consideration received on the sale of a share and share purchase warrant classified as equity is allocated, within equity, to their respective equity accounts on a reasonable basis. Two commonly accepted allocation approaches are the residual method and the relative fair value method. Under the residual method, one component is measured first and the residual amount is allocated to the remaining component. In contrast, under the relative fair value method the total proceeds of the instrument is allocated to the components in proportion to their relative fair values.

The Group uses the residual method for the warrants and have been valued at the date of the grant, using the Black-Scholes pricing model, and are charged to equity immediately where there are no vesting conditions to be met.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

RETIREMENT BENEFIT OBLIGATIONS

Payments to defined contribution retirement benefit plans are charged as an expense as and when employees have tendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Malaysia's Employees Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group does not have any defined benefit plans.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from the sale of oil and gas is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil and gas, in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts. Differences between oil lifted and sold and the Group's share of production are not significant.

ROYALTIES

Royalty arrangements that are based on production are recognised by reference to the underlying arrangement.

The Group's oil and gas operations are reflected in the profit or loss, based on the Group's working interest in such production. All government stakes, other than income taxes, and including government's share of production, are considered to be royalties. Royalties to government on production from these joint operations represent the entitlement of the respective governments to a portion of the Group's share of oil and gas and are recorded using rates in effect under the terms of contracts at the time of production.

INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax (and tax laws) is calculated using tax rates that have been enacted or substantively enacted, in countries where the Company and its subsidiaries operate, by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests, are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted, by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss (either in other comprehensive income or directly in equity, respectively).

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS

Cash and cash equivalents comprise cash in hand and at bank and other short term deposits held by the Group with maturities of less than 3 months.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the Group has identified the following areas where significant judgments, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below, and also in the relevant notes to the financial statements.

a) Acquisitions, divestitures, farm-in arrangements and/or assignment of interests

The Group accounts for acquisitions, divestitures, and farm-in arrangements by considering if the acquired or transferred interest relates to that of an asset, or of a business as defined in IFRS 3 *Business Combinations*. Accordingly, the Group considers if there is the existence of business elements (e.g., inputs, processes and outputs) or a group of assets that includes inputs, outputs and processes that are capable of being managed together for providing a return to investors or other economic benefits. The Group is of the view that the acquisitions of the Stag Oilfield (Note 9) and the Ogan Komering PSC (Note 10) meet the definition of a business. Accordingly, they have been accounted for as business combinations.

The Group considers farm-in arrangements that pertain to exploration interests, with no production license, and no proved reserves, to be assets, rather than of a business, and would account for such farm-ins based on the consideration paid, which would be capitalized as an intangible exploration asset and subject to impairment reviews.

b) Carrying value of oil and gas properties

Oil and gas properties are depreciated using the units of production method.

The calculation of the units of production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable reserves. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves.

These factors could include:

- Changes in proved and probable reserves;
- The effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions;
- Future estimates of capital expenditure requirements; and
- Unforeseen operational issues.

The carrying amount of oil and gas properties at December 31, 2017 and at March 31, 2017, is shown in Note 19.

c) Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the share options at the date on which they are granted. Judgment is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgment in determining the most appropriate inputs to the valuation model, including expected life of the option, volatility and dividend yield.

d) Intangible exploration assets

The application of the Group's accounting policy for intangible exploration assets requires judgment to determine whether future economic benefits are likely, either from future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty, depending on how the resources are classified. These estimates directly impact when the Group defers intangible exploration assets. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economical viable extraction can be established. Any such estimates and assumptions may change as new information becomes available. If after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalized amount is written off in profit or loss in the period when the new information becomes available. The carrying amounts of intangible exploration assets are disclosed in Note 18 to the financial statements.

On November 8, 2017, Mitra Energy (Philippines SC-56) Ltd, a wholly owned subsidiary of the Group, commenced an arbitration action against Total E&P Philippines BV ("Total") with the Singapore International Arbitration Centre claiming Total's failure or refusal to proceed with the planning and drilling of the Halcon well within Block SC56, as set out in their farm out agreement dated August 12, 2012, as well as resultant damages. Management is confident that the outcome will be favourable to the Group based on facts known to date.

e) Taxes

The Group recognises the net future economic benefit to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and the carry forward of unused tax credits and unused tax losses can be utilized accordingly. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets as recorded in the statement of financial position, could be impacted. The carrying amounts of the Group's deferred tax assets are disclosed in Note 20 to the financial statements.

f) Reserve estimates

The estimated reserves are management assessments, and take into consideration reviews by an independent third party, under the Group's reserves audit programme, as well as other assumptions, interpretations and assessments. These include assumptions regarding commodity prices, exchange rates, discount rates, future production and transportation costs, and interpretations of geological and geophysical models to make assessments of the quality of reservoirs and their anticipated recoveries. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the statement of comprehensive income, and the calculation of inventory.

g) Impairment of assets

The Group undertakes a regular review of asset carrying values to determine whether there is any indication of impairment. For oil and gas properties, expected future cash flow estimation is based on reserves, future production profiles, commodity prices and costs. The carrying amounts of intangible exploration assets and oil and gas properties are disclosed in Notes 18 and 19 respectively.

h) Asset restoration obligations

The Group estimates the future removal and restoration costs of oil production facilities, wells, pipelines and related assets at the time of installation of the assets. In most instances the removal of these assets will occur many years in the future. The estimate of future removal costs is made considering relevant legislation and industry practice and requires management to make judgments regarding the removal date, the extent of restoration activities required and future removal technologies. The carrying amounts of the Group's asset restoration obligations is disclosed in Note 28 to the financial statements.

4. RECLASSIFICATION OF PRESENTATION OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

During the period, the management has improved the presentation of statement of profit or loss and other comprehensive income to be more relevant and useful for the user of financial statements. Accordingly, the group has reclassified certain items on the statement of profit or loss and other comprehensive income. The reclassifications of each of the affected financial line items for the previous financial year ended March 31, 2017 are as follows:

	As previously reported March 31, 2017 US$000		As restated March 31, 2017 US$000
Statement of profit or loss and other comprehensive income:			
Cost of sales	(40,830)	Royalties	(725)
Depreciation	(58)	Production cost	(25,486)
		Floating storage and offloading ("FSO") vessel expenses	(10,781)
		Depletion, depreciation and amortisation	(3,896)
	(40,888)		(40,888)

Staff costs	(10,702)		
Share-based compensation	(103)		
Staff costs	(10,805)	Staff costs	(10,805)
Finance costs	(1,695)		
Interest income	5		
Foreign exchange loss	(339)		
Finance costs	2,029	Finance costs	2,029

5. COMPARATIVE FIGURES

The Ogan Komering PSC purchase price discount reported in the financial year ended March 31, 2017 has been revised from US$2.2 million to US$0.8 million arising from new information obtained with respect to fair values of certain identifiable assets and liabilities as at the time of the acquisition (Note 10). The restatement of each of the affected financial line items for the previous financial year ended March 31, 2017 are as follows:

	March 31, 2017	
	As previously reported US$000	As restated US$000
Statement of financial position		
Inventories	10,803	10,801
Receivables and prepayments	8,953	7,045
Trade & other payables, accruals and provisions	(12,530)	(12,046)
Accumulated losses	(261,767)	(263,193)

6. GROSS REVENUE

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Liquids revenue		
- Stag Oilfield	42,203	33,135
- Ogan Komering	12,782	1,416
Gas revenue		
- Ogan Komering	5,458	591
Total revenue	60,443	35,142

Average realised price:		
Crude oil – Stag (US$/bbl)	53.73	51.67
Crude oil – Ogan Komering (US$/bbl)	49.53	47.07
Gas – Ogan Komering (US$/mmbtu)	6.65	6.30
Average production:		
Crude oil – Stag (bbl/d) [1]	2,810	2,520
Crude oil and condensate – Ogan Komering (bbl/d)	942	970
Gas – Ogan Komering (mmbtu/day)	2,985	3,025

[1] Production relates to crude oil produced and stored into the floating storage and offloading ("FSO") vessel. Revenue derives from the sale to a third party of the produced and stored oil. This results in timing differences between produced oil at Stag, and sales of oil from the FSO.

7. PRODUCTION COST

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Stag Oilfield:		
FSO vessel expenses	14,592	10,781
Workovers	9,430	5,272
Repair & maintenance	1,558	2,458
Air, marine and onshore support	2,653	(56)
Operating expenses	9,720	17,116
	37,953	35,571
Ogan Komering:		
Operating expenses	5,567	696
	43,520	36,267

8. DEPLETION, DEPRECIATION AND AMORTISATION

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Depletion and amortisation (Note 19)		
Stag Oilfield	6,699	3,838
Ogan Komering	3,088	-
	9,787	3,838
Depreciation for plant and equipment	199	58
	9,986	3,896

9. ACQUISITION OF STAG OILFIELD

On November 11, 2016, Jadestone Energy (Australia) Pty Ltd, as buyer, and Jadestone as guarantor, satisfied the conditions precedent to closing the Stag Oilfield acquisition, resulting in the purchase of the Stag Oilfield. The fair value of the net assets acquired was identified, after a purchase price allocation exercise had been performed.

During the current financial period, the purchase price allocation in relation to the acquisition made and provisionally accounted for in the financial year ended March 31, 2017, was finalized, and there were no changes to the fair value of identifiable assets acquired and liabilities. The final price allocation, as at the date of acquisition, is presented in the following table:

	Fair value recognised on acquisition US$000
Assets	
Current Assets	
Cash and cash equivalents	1,372
Other receivables	419
Inventory – materials	4,668
Inventory - crude oil on hand	17,962
	24,421
Non-Current Assets	
Oil and gas properties	66,880
Deferred petroleum resource rent tax ("PRRT") tax asset	19,086
	85,966
Total Assets	110,387
Liabilities	
Current Liabilities	
Trade and other payables	(3,046)
Provisions	(1,328)
	(4,374)
Non-Current Liabilities	
Asset restoration obligations	(79,207)
Other provisions	(6,940)
	(86,147)
Total Liabilities	90,521
Net identifiable assets acquired	19,866
Total consideration	**19,866**
Consideration transferred:	
Purchase consideration	10,000
Working capital adjustments	9,866
Total consideration	**19,866**
Cash acquired	(1,372)
Net cash flows	18,494

10. ACQUISITION OF OGAN KOMERING PRODUCTION SHARING CONTRACT

On March 9, 2017, Jadestone Energy International Holdings Inc., a wholly-owned subsidiary of the Company, closed the acquisition of a fifty percent (50%) interest in the Ogan Komering Production Sharing Contract, Sumatra, Indonesia ("OK PSC"). For the financial year ended March 31, 2017, the initial purchase price allocation for the OK PSC acquisition was estimated based on the information known at that time and a purchase discount of US$2.2 million was recognised on a provisional basis in the audited financial statements for the year ended March 31, 2017.

Subsequently, the Group reviewed the purchase price allocation and adjusted the provisional amounts recognised at the acquisition date of the fair value of certain identifiable assets and liabilities, pursuant to IFRS 3, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The adjusted fair values of the identifiable assets and liabilities, as at the date of acquisition are presented in the following table:

	Provisional fair value March 9, 2017 US$000	Fair value adjustments US$000	Adjusted provisional amount US$000
Assets			
Current Assets			
Inventory – materials	154	(2)	152
Other receivables and prepayments	4,507	(1,908)	2,599
	4,661	(1,910)	2,751
Non-Current Assets			
Oil and gas properties	3,705	-	3,705
Restricted cash	669	-	669
	4,374	-	4,374
Total Assets	9,035	(1,910)	7,125
Liabilities			
Current Liabilities			
Deferred tax liabilities	(1,200)	-	(1,200)
Other payables and accruals	(3,979)	484	(3,495)
Total Liabilities	(5,179)	484	(4,695)
Net identifiable assets acquired	3,856	(1,426)	2,430
Total consideration	**1,641**		**1,641**
Consideration transferred:			
Base purchase consideration	5,800	-	5,800
Working capital/adjustments	(1,944)	(1,426)	(3,370)
Purchase discount	(2,215)	1,426	(789)
Total consideration	**1,641**	-	**1,641**

Accordingly, the purchase discount of US$2,215,000 (previously reported for the year ended March 31, 2017) was adjusted to US$789,000 (Note 5).

11. STAFF COSTS

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Wages, salaries and fees	7,201	6,767
Staff benefits-in-kind	1,071	842
Termination payments	311	3,093
Share-based compensation	436	103
	9,019	10,805

The Group has capitalized US$173,400 (March 31, 2017: US$1,537,500) in respect of staff costs as part of intangible exploration assets as these relate to time costs that are directly attributable to the active blocks.

12. OTHER EXPENSES

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Professional fees/consultancies	3,776	4,810
Office costs	2,281	1,793
Travel & subsistence	366	493
Time costs – recovery	(231)	(2,049)
Operator G&A	29	176
Other overhead	-	759
Others	109	534
Participating interest tax and branch profit tax	-	333
	6,330	6,849

13. IMPAIRMENT OF ASSETS

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Impairment of intangible exploration assets	-	8,512
Impairment of material and spare parts	-	1,717
	-	10.229

14. OTHER INCOME

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Gain on disposal of intangible exploration asset	400	-
Gain on disposal of motor vehicle	12	-
Others	341	239
	753	239

15. FINANCE COSTS

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Accretion expense (Note 28)	1,589	680
Transaction cost on convertible bonds facility	913	115
Fair value loss on derivative liability	677	-
Interest on convertible bonds (Note 32)	563	-
Professional fees	153	893
Foreign exchange loss	114	339
Interest income	(57)	(5)
Others	352	7
	4,304	2,029

16. TAXATION CREDIT/(EXPENSE)

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Deferred tax income relating to carry forward tax losses (Note 20)	3,548	-
Deferred tax income relating to PRRT (Note 20)	2,524	(1,650)
Corporate income tax – current	(1,526)	(217)
Corporate income tax – prior year	(84)	-
Deferred tax liabilities	1,000	-
Tax credit/(expense)	5,462	(1,867)

The Australian corporate income tax rate is applied at 30% and PRRT at 40% of sales revenue less certain permitted deductions and is tax deductible for Australian income tax purposes. The above movement in deferred tax balances relates to temporary differences between the tax base of an asset or liability, and its carrying amount in the statement of financial position.

The Indonesian corporate income tax rate is applied at 35%. Branch profit tax is applied at 20%.

The Company is resident in the Province of British Columbia and pays no tax on account of its losses. Subsidiary companies are resident for tax purposes in the territories in which they operate. No tax arises in the current period or in the previous year from any of the subsidiaries' operations in view of the losses incurred.

The tax credit/(expense) on Group losses differs from the amount that would arise using the standard rate of income tax applicable in the countries of operation of the various Group companies as explained below:

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Loss before tax	(20,392)	(34,630)
Tax calculated at domestic tax rates applicable to loss in the respective countries	4,697	5,917
Effects of non-deductible expenses	(2,699)	(5,646)
Effects of non-taxable income	-	600
Effects of tax losses not recognized	-	(2,738)
Effects of previously unrecognized and unused tax losses and now recognized as deferred tax assets	2,604	-
Effects of unused tax losses recognized as deferred tax assets	860	-
Tax credit/(expense)	5,462	(1,867)

As at December 31, 2017, Jadestone Energy (Australia) Pty Ltd has carried forward losses of US$8.5 million and other timing differences of US$3.6 million, totalling US$12.1 million. The Group has recognized deferred tax assets of US$3.5 million as at December 31, 2017, as management is confident that there will be sufficient taxable income in the foreseeable future.

17. LOSS PER ORDINARY SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000 Restated
Loss for the purpose of basic and diluted per share, being the net loss for the period/year attributable to equity holders of the parent	14,930	36,497
Number of shares	No.	No.
Weighted average number of ordinary shares for the purposes of basic loss per share	221,298,004	140,941,566

Diluted loss per share is calculated based on the weighted average number of ordinary shares outstanding during the period/year plus the weighted number of shares that would be issued on the conversion of all potentially dilutive shares to ordinary shares. Where the impact of converted shares would be anti-dilutive, these are excluded from the calculation.

Since the conversion of potential ordinary shares to ordinary shares from share options (Note 27) would decrease the loss per share, they are not dilutive. Accordingly, diluted loss per share is the same as basic loss per share.

18. INTANGIBLE EXPLORATION ASSETS

	Total US$000
Cost:	
At April 1, 2016	194,812
Additions	3,688
At March 31, 2017	198,500
Additions	744
Disposal of exploration asset	(5,950)
At December 31, 2017	193,294
Impairment:	
At April 1, 2016	85,059
Charged to profit or loss	8,512
At March 31, 2017	93,571
Charged to profit or loss	-
Disposal of exploration asset	(5,950)
At December 31, 2017	87,621
Net book value:	
At December 31, 2017	105,673
At March 31, 2017	104,929

For the purpose of statement of cash flows, intangible exploration assets of US$452,182 remained unpaid as at December 31, 2017 (March 31, 2017: US$327,862).

19. OIL AND GAS PROPERTIES

	Total US$000
Cost:	
At April 1, 2016	-
Arising from acquisition of businesses	70,585
Changes in asset restoration obligation	(2,701)
Additions	288
At March 31, 2017	68,172
Changes in asset restoration obligation (Note 28)	5,919
Additions	1,772
At December 31, 2017	75,863
Accumulated depletion and amortisation:	
At April 1, 2016	-
Depletion and amortisation for the year	(3,838)
At March 31, 2017	(3,838)
Depletion and amortisation for the period	(9,787)
At December 31, 2017	(13,625)
Net book value:	
At December 31, 2017	62,238
At March 31, 2017	64,334

20. DEFERRED TAX ASSETS

	December 31, 2017 US$000	March 31, 2017 US$000
PRRT Tax:		
Beginning balance	17,541	-
PRRT - deferred tax arising from business acquisition	-	19,086
PRRT credit/(expense) (Note 16)	2,524	(1,650)
Foreign currency effect	208	105
	20,273	17,541
Corporate Income Tax:		
Beginning balance	-	-
Income tax loss carried forward (Note 16)	3,548	-
	3,548	-
Total deferred tax assets	23,821	17,541

21. PLANT AND EQUIPMENT

	Computer equipment US$000	Fixtures and equipment US$000	Motor vehicles US$000	Total US$000
Cost:				
At April 1, 2016	545	860	56	1,461
Additions	561	71	-	632
At March 31, 2017	1,106	931	56	2,093
Additions	74	93	-	167
Disposal	-	-	(56)	(56)
At December 31, 2017	1,180	1,024	-	2,204
Accumulated depreciation:				
At April 1, 2016	439	860	56	1,355
Charge for the year	53	5	-	58
At March 31, 2017	492	865	56	1,413
Charge for the period	173	26	-	199
Disposal	-	-	(56)	(56)
At December 31, 2017	665	891	-	1,556
Net book value:				
At December 31, 2017	515	133	-	648
At March 31, 2017	614	66	-	680

22. INVESTMENT IN SUBSIDIARIES AND INTEREST IN JOINT OPERATIONS

The succeeding sections present the details of the subsidiaries and joint operations of the Group.

A. Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company:	Place of Incorporation	% voting rights and shares held		Nature of business
		As at Dec 31, 2017 %	As at Mar 31, 2017 %	
Jadestone Energy (Australia) Pty Ltd	Australia	100	100	Production of oil
Jadestone Energy International Holdings Inc.	Canada	100	100	Investment holdings
Jadestone Energy (Ogan Komering) Ltd	Canada	100	100	Production of oil and gas
Jadestone Energy Limited	Bermuda	100	100	Investment holdings
Mitra Energy Biliton Pte. Ltd.	Singapore	100	100	Exploration
Mitra Energy (Philippines SC-56) Ltd.	Bermuda	100	100	Exploration
Mitra Energy (Philippines SC-57) Ltd.	British Virgin Islands ("BVI")	100	100	Exploration
Mitra Energy (Indonesia Sibaru) Ltd.	Bermuda	100	100	Exploration
Jadestone Energy (Holdings) Ltd.	BVI	100	100	Dormant
Mitra Energy (Services) Ltd.	BVI	100	100	Dormant
Mitra Energy (Indonesia Bone) Limited	BVI	100	100	Exploration
Mitra Energy (Vietnam Con Son) Ltd.	Bermuda	100	100	Exploration
Titan Resources (Natuna) Indonesia Limited	Bermuda	100	100	Exploration
Jadestone Energy (Singapore) Pte Ltd.	Singapore	100	100	Investment holdings
Mitra Energy (Vietnam Phu Quy) Pte Ltd.	Singapore	100	100	Exploration
Mitra Energy (Vietnam Rang Dong) Pte Ltd.	Singapore	100	100	Exploration
Mitra Energy (Vietnam Nam Du) Pte Ltd.	Singapore	100	100	Exploration
Mitra Energy (Vietnam Tho Chu) Pte Ltd.	Singapore	100	100	Exploration
Mitra Energy (Vietnam Minh Hai) Pte Ltd.	Singapore	100	100	Exploration
Titan Resources (Natuna) Indonesia Ltd.	Barbados	100	100	Exploration
Mitra Energy (Vietnam Song Tu) Pte Ltd.	Singapore	100	100	Dormant
Mitra Energy (Indonesia North Madura) Pte Ltd.	Bermuda	100	100	Exploration
Mitra Energy (Indonesia Titan) Pte Ltd.	Bermuda	100	100	Exploration
Mitra Energy (Indonesia Spermonde) Ltd.	Bermuda	100	100	Exploration
Mitra Energy (Indonesia NV) Ltd.	Bermuda	100	100	Exploration
Mitra Energy (Vietnam Thanh Long) Pte Ltd.	Singapore	100	100	Exploration
Mitra Energy (Vietnam Phu Khanh) Pte Ltd.	Singapore	100	100	Exploration
Jadestone Energy Sdn Bhd	Malaysia	100	100	Administration
Mitra Energy (Vietnam Song Hong) Pte Ltd.	Singapore	100	100	Exploration
Mitra Energy (Indonesia Rombebai) Limited	Bermuda	100	100	Exploration

B. Details of the operations of which all are in exploration stage, except for Stag Oilfield and Ogan Komering which are in production stage, are as follows:

Contract area	Date of Expiry	Held by	Place of Operation	Group Effective Working Interest	
				As at Dec 31, 2017 %	As at Mar 31, 2017 %
Stag Oilfield	Aug 25, 2018[1]	Jadestone Energy (Australia) Pty Ltd	Australia	100	100
Ogan Komering	Feb 28, 2018[2]	Jadestone Energy (Ogan Komering) Ltd	Indonesia	50	50
SC56	Aug 4, 2055	Mitra Energy (Philippines SC-56) Ltd	Philippines	25	25
SC57	Sep 14, 2055	Mitra Energy (Philippines SC-57) Ltd	Philippines	21	21
51	Jun 10, 2040	Mitra Energy (Vietnam Tho Chu) Pte Ltd	Vietnam	100	70[3]
46/07	Jun 29, 2035	Mitra Energy (Vietnam Nam Du) Pte Ltd	Vietnam	100	70[3]
45	Dec 26, 2041	Mitra Energy (Vietnam Minh Hai) Pte Ltd	Vietnam	-	70
127[4]	May 24, 2042	Mitra Energy (Vietnam Phu Khanh) Pte Ltd	Vietnam	100	100
MVHN/12KS[5]	Feb 19, 2043	Mitra Energy (Vietnam Song Hong) Pte Ltd	Vietnam	-	100
Bone[6]	Nov 25, 2040	Mitra Energy (Indonesia Bone) Ltd	Indonesia	-	60[6]

(1) Management has assessed and considered the renewal process of the license perfunctory in nature as long as the management complies with the terms of the license. As at the date of this report, the renewal process is still in progress

(2) On February 28, 2018, Jadestone, along with Pertamina Hulu Energi, has been appointed to temporarily manage the Ogan Komering working area for up to six months from March 1, 2018 to September 1, 2018, or until the new gross split PSC of Ogan Komering working area is signed, whichever occurs first

(3) Before back-in arrangements. Mitra has an agreement with an introducing party that gives them the right to acquire at cost from Mitra a 3% interest in any commercial discovery on Vietnam Block 51 PSC and Vietnam Block PSC 46/07. Effective May 1, 2017, Petrovietnam Exploration Production Corporation (PVEP) relinquished its 30% working interest in Block 46/07 and 51 leaving Jadestone as operator with a 100% working interest in the Blocks

(4) A one year extension of exploration phase one to May 2018 was approved by the Prime Minister of Vietnam in May 2017. Subsequent to period end, the Group performed a review of its asset base and as a result of that review, informed Vietnam Oil and Gas (PVN) on April 4, 2018 of its decision to relinquish the block at the end of the current exploration phase one

(5) The Vietnamese Government's approval for Mitra's relinquishment was received on June 30, 2017. The Group no longer has an interest in Block MVHN/12KS PSC

(6) On May 4, 2017, Mitra signed a Withdrawal Agreement with Azimuth Indonesia Ltd. ("Azimuth") to transfer Mitra's 60% working interest and operatorship of Bone PSC to Azimuth. The transfer was effective from April 15, 2017, but remains subject to final government approval

23. INVENTORIES

	December 31, 2017 US$000	March 31, 2017 US$000 Restated
Materials and spare parts: Southeast Asia ("SEA") portfolio	-	202
Materials and spare parts: Stag operation	4,194	5,402
Crude oil on hand: Stag	5,416	5,197
	9,610	10,801

The cost of inventories recognized in cost of sales includes US$Nil (March 31, 2017: US$713,000) in respect of write-downs of crude oil on hand to net realizable value. In the prior year an impairment of US$1,717,000 was recognised during the year against materials and spare parts, to reduce the balance to net realisable value.

24. RECEIVABLES AND PREPAYMENTS

	December 31, 2017 US$000	March 31, 2017 US$000
Share of joint venture receivables (trade)	1,987	1,191
Other prepayments	1,271	424
Other receivables and deposits	285	469
Accrued cash call receivables	-	2,403
GST/value added tax receivables	681	737
Amount due from Partners [1]	-	736
Prepaid facility expense	495	560
Prepaid asset insurance	-	519
	4,719	7,039

[1] Partners is a party to a contractual agreement under a PSC or petroleum concession with relevant Government Authorities in Philippines, Vietnam and Indonesia.

25. CASH AND CASH EQUIVALENTS

	December 31, 2017 US$000	March 31, 2017 US$000
Current asset		
Cash at bank	10,450	14,478
Non-current asset		
Restricted cash: Stag	10,000	-
Restricted cash: Ogan Komering	729	669
	10,729	669

Restricted cash at December 31, 2017 comprises Stag's cash deposit of US$10.0 million placed by the Company in support of a bank guarantee to a key contractor with respect to the Company's obligations under a long term contract, and Ogan Komering PSC's asset and site restoration fund of US$0.7 million.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

26. SHARE CAPITAL

Authorised ordinary shares:

Unlimited number of common voting shares with no par value.

Allotted and outstanding:

	No. Shares	US$000
At December 31, 2017	221,298,004	364,466
At March 31, 2017	221,298,004	364,466

he holders of ordinary shares are entitled to receive dividends as and when declared by the Company. Fully paid ordinary shares carry one vote per share without restriction, and carry a right to dividends as and when declared by the Company.

27. SHARE-BASED PAYMENT AND WARRANTS

The total expense arising from share-based payments recognized for the period ended December 31, 2017 was US$435,614 (March 31, 2017: US$102,906).

On August 19, 2015, the Company adopted, as approved by shareholders, a stock incentive plan (the "Plan") which establishes a rolling number of shares issuable under the plan in the amount of 10% of the Company's issued shares at the date of grant. Under the terms of the Plan, the exercise price of each option granted cannot be less than the market price at the date of grant, or such other price as may be required by TSX-V. Options under the plan can have a term of up to 10 years, with vesting provisions determined by the directors in accordance with TSX-V policies for Tier 2 Issuers.

The Black-Scholes option-pricing model, with the following assumptions, was used to estimate the fair value of the options at the date of grant:

	Options granted on			
	December 10, 2017	March 28, 2017	June 8, 2017	April 21, 2015
Risk-free interest rate	1.11% to 1.21%	1.11% to 1.21%	0.70% to 0.83%	0.89%
Expected life	5.5 to 6.5 years	5.5 to 6.5 years	5.5 to 6.5 years	5 years
Expected volatility	41.6% to 42.8%	41.6% to 42.8%	42.1% to 42.7%	37.70%
Share price	C$0.42	C$0.45	C$0.49	C$1.25
Exercise price	C$0.45	C$0.47	C$0.49	C$1.82
Expected dividends	Nil	Nil	Nil	Nil

The following table summarizes the share options outstanding and exercisable as at December 31, 2017:

	Share options			
	Number of options	Weighted average exercise price C$	Weighted average remaining contract life	Number of options exercisable
As at April 1, 2016	7,400,891	2.34	7.36	7,399,588
New share options issued	7,250,000	0.47	9.92	-
Cancelled during the year	(4,223,070)	2.72	-	(4,221,767)
As at March 31, 2017	10,427,821	0.88	7.62	3,177,821
New share options issued	175,000	0.45	9.95	-
Cancelled during the year	(2,500,000)	1.82	-	(2,249,999)
As at December 31, 2017	8,102,821	0.58	9.03	927,822

The following table summarizes the share warrants outstanding and exercisable as at December 31, 2017:

	Share warrants			
	Number of warrants	Weighted average exercise price C$	Weighted average remaining contract life	Number of warrants exercisable
As at April 1, 2016 and March 31, 2017	234,641	3.24	0.08	234,641
Expired during the period	(234,641)	3.24	-	(234,641)
As at December 31, 2017	-	-	-	-

28. PROVISION FOR ASSET RESTORATION OBLIGATIONS

	December 31, 2017 US$000	March 31, 2017 US$000
Non-Current:		
Opening balance	77,186	-
Acquisition of Stag Oilfield (Note 9)	-	79,207
Accretion expense (Note 15)	1,589	680
Changes in assumptions discount rate and foreign exchange rate (Note 19)	5,919	(2,701)
Others	34	-
	84,728	77,186

The Group's asset restoration obligations ("ARO") result from the future costs of decommissioning the Stag Oilfield facilities which are expected to be incurred up to 2033. The balance of the provision is the discounted present value of the estimated future cost. The present value of the ARO has been calculated based on the blended estimated Australian and United States risk free rate of 2.52% after allowing for an inflation rate of 2.27% as at 31 December, 2017 (Australian risk free rate 2.70% as at March 31, 2017).

29. OTHER PAYABLES

Other payables comprises long-term liabilities associated with the Stag leased FSO vessel. The present value of the liabilities has been calculated based on the estimated Australian risk free rate of 2.63% as at December 31, 2017 (2.70% as at March 31, 2017).

30. BORROWINGS

	December 31, 2017 US$000	March 31, 2017 US$000
Insurance premium funding	829	435

The borrowing has an effective interest rate of 7.08% as at December 31, 2017 (5.56% as at March 31, 2017). No security or charges over property are in place for this arrangement.

31. TRADE & OTHER PAYABLES, ACCRUALS AND PROVISIONS

	December 31, 2017 US$000	March 31, 2017 US$000 Restated
Trade payables	1,098	2,135
Other payables	8,591	7,869
Provision for long service leave	668	815
Other provisions	480	328
Accruals – finance costs	-	893
	10,837	12,040

These amounts are non-interest bearing and repayable on demand. Payables are normally settled on 30 (March 31, 2017: 30) days terms.

32. SECURED CONVERTIBLE BONDS

Pursuant to the establishment of the convertible bond facility (the "Facility") with Tyrus Capital Event S.à r.l. ("Tyrus") on November 8, 2016, Jadestone paid a structuring fee equal to 2% of the total amount of the Facility. Jadestone is also required to pay a standby fee equal to 1% per annum on all undrawn amounts until maturity. The Facility will mature on October 31, 2019, at which time Tyrus will have the option to convert the full amount of any principal owing under the Facility into common shares of the Company at a conversion price of C$0.50. Tyrus also has the option to convert any principal owing under the Facility at any time prior to maturity, and the option to require the Company to draw down all undrawn amounts at any time prior to 15 days from maturity.

As at December 31, 2017, the Company had drawn down US$15 million from the Facility, to fund capital expenditures and for related corporate purposes. The interest on the convertible bonds for the period ended December 31, 2017 amounted to US$563,014 (March 31, 2017: US$Nil). In addition to this, the Company has capitalized bond accretion expenses of US$538,457 (March 31, 2017: US$Nil). The structuring fee of US$560,000 was initially capitalized in the financial statements as a prepaid expense in the prior period (Note 24). Following the drawdown, the Company has commenced amortization of the structuring fee over the remaining period of the bond.

The standby fees accrued by the Company amounted to US$238,816 (March 31, 2017: US$114,943) for the period ended December 31, 2017, and have been included in Finance Costs (Note 15).

The 3% issue discount on the issuance of the convertible bonds amounted to US$450,000 (March 31, 2017: US$Nil). The portion of the discount fee attributable to the bond of US$378,302 (March 31, 2017: US$Nil) has been included in the carrying value of convertible bonds, and the remaining attributable to the options embedded in the bonds of US$71,698 (March 31, 2017: US$Nil) has been charged to the profit and loss during the period ended December 31, 2017 (Note 15).

The fair value of the options as at December 31, 2017 amounting to US$3,067,000 (March 31, 2017: US$Nil) embedded in the bonds as a derivative financial instrument in the consolidated financial statement as a liability.

	December 31, 2017 US$000	March 31, 2017 US$000
Nominal value of convertible bonds issued	15,000	-
Derivative financial instruments at date of issuance	2,390	-
Liability component at date of issuance	12,610	-
Less: Convertible bonds issuance cost	(378)	-
Liability recognized at inception, net of costs	12,232	-
Cumulative accretion expense	538	-
	12,770	-

Reconciliation of liabilities arising from financing activities

The table overleaf details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows, as cash flows from financing activities.

The cash flows represent the drawdown from convertible bonds, drawdown on borrowings and repayment of borrowing in the statement of cash flows.

	April 1, 2017	Financing cash flows	Derivative liability component	Other changes	December 31, 2017
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Convertible bonds (Note 32)	-	14,550	(2,390)	610[1]	12,770
Borrowings (Note 30)	435	383	-	11[2]	829

[1] Other changes on convertible bonds includes issuance discount, issuance cost and cumulative accretion expenses
[2] Other changes on borrowings includes foreign exchange movement

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENTS

Categories of financial instruments

	December 31, 2017 US$000	March 31, 2017 US$000
Financial assets		
Loans and receivables (including cash and cash equivalents)	12,722	19,283
Financial liabilities		
At amortised cost:		
Borrowings, provisions and payables	103,653	96,579
At fair value:		
Convertible bonds & derivative financial instruments	15,837	-
	119,490	96,579

Financial instruments

The Group's financial instruments that are not measured at fair value, comprise cash and bank balances, other receivables, other payables and accruals. As at December 31, 2017 and March 31, 2017 management considers that the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair value.

The Group drew down US$15 million from the US$28 million convertible bond facility in June and July 2017. As at December 31, 2017, the carrying value of the convertible bonds was US$12.8 million and the carrying value of the derivative liability component amounted to US$3.1 million.

Fair values are based on management's best estimates after consideration of current market conditions. The estimates are subjective and involve judgment and as such are not necessarily indicative of the amount that the Group may incur in actual market transactions.

Commodity price risk

The Group's earnings are affected by changes in oil and gas prices. The Group manages this risk by monitoring the oil and gas prices and entering into commodity hedges against fluctuations in oil and bunker price if considered appropriate. As at December 31, 2017 and March 31, 2017, the Group has no outstanding oil and gas price hedging contracts.

Commodity price sensitivity

The results of operations and cash flows of oil and gas production can vary significantly with fluctuations in the market prices of oil and/or natural gas. These are affected by factors outside the Group's control, including the market forces of supply and demand, regulatory and political actions of governments, and attempts of international cartels to control or influence prices, among a range of other factors.

At the end of reporting period, if the oil and gas price changes by 10% and all other variables were held constant, the Group's loss for the year will change by US$6,044,300 (March 31, 2017: US$$3,514,200).

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between United States Dollars ("US Dollar") and foreign currencies will affect the fair value or future cash flows of the Company's financial assets or liabilities.

Cash and bank balances are generally held in the currency of likely future expenditures to minimize the impact of currency fluctuations. It is the Group's normal practice to hold the majority of funds in US Dollars in order to match the Group's revenue and expenditures. The Company's US$28.0 million convertible debt facility is a US Dollar denominated instrument.

In addition to United States Dollars, the Group transacts in various currencies, including Canadian Dollars, Singapore Dollars, Australian Dollars, Indonesian Rupiah, Vietnamese Dong, and Malaysian Ringgit. No sensitivity analysis has been prepared for carrying amounts of monetary assets and liabilities denominated in these foreign currencies as the Group does not expect any material effect arising from the effects of reasonably possible changes to the exchange rate for these foreign currencies.

Foreign denominated balances were as follows:

	December 31, 2017 US$000	March 31, 2017 US$000
Cash and bank balances:		
Malaysian Ringgit	105	57
Indonesian Rupiah	8	24
Singapore Dollars	38	102
Vietnamese Dong	74	153
Canadian Dollars	8	554
Australian Dollars	2,070	695

	December 31, 2017 US$000	March 31, 2017 US$000
Trade and other receivables:		
Malaysian Ringgit	106	80
Indonesian Rupiah	188	309
Singapore Dollars	143	103
Vietnamese Dong	242	356
Canadian Dollars	12	12
Australian Dollars	1,434	578

	December 31, 2017 US$000	March 31, 2017 US$000
Trade and other payables:		
Malaysian Ringgit	376	30
Indonesian Rupiah	1,705	649
Singapore Dollars	812	169
Vietnamese Dong	410	207
Canadian Dollars	-	893
Australian Dollars	5,769	6,007

Interest rate risk

The Group's interest rate exposure arises from some of its cash and bank balances and short-term borrowings. The Group's other financial instruments are non-interest bearing or fixed rate, and are therefore not subject to interest rate risk.

Jadestone holds some of its cash in interest bearing accounts and short-term deposits. Interest rates currently received are at historically relatively low levels. Accordingly, a downward interest rate movement would not cause significant exposure to the Group.

The balance of short term borrowings as at December 31, 2017 amounts to US$828,621 (March 31, 2017: US$435,000). The 7.5% coupon on the Company's US$15.0 million convertible bond facility, drawn down as at December 31, 2017, is a fixed rate coupon (Note 32).

Any interest rate movement would not cause significant exposure to the Group.

Credit risk

Credit risk represents the financial loss that the Company would suffer if a counterparty in a transaction fails to meet its obligations in accordance with the agreed terms.

The Group's trade and other receivables are primarily with (i) counterparties to oil and gas sales, (ii) governments for recoverable amounts of value added taxes, and with (iii) joint venture partners in the oil and gas industry.

The Company actively manages its exposure to credit risk, granting credit limits consistent with the financial strength of the Group's counterparties and customers, requiring financial assurances as deemed necessary, reducing the amount and duration of credit exposures, and close monitoring of relevant accounts.

The Group trades only with recognised, creditworthy third parties. Where Jadestone operates joint ventures on behalf of partners it seeks to recover the appropriate share of costs from these partners. The majority of the partners in these ventures are well established oil and gas companies.

In the event of non-payment, Jadestone has recourse to increase its venture share under the operating agreements.

Stag Oilfield production, our largest credit risk exposure, is currently sold to an investment grade customer in the energy sector, subject to customary industry credit risk.

The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet all of its financial obligations as they become due. This includes the risk that the Company cannot generate sufficient cash flow from producing assets or is unable to raise further capital in order to meet its obligations.

The Company manages it liquidity risk by optimising the positive free cash flow from its producting assets (with full legal ownership of Stag effective from July 10, 2017), on-going cost reduction initiatives, drawing down on the convertible bond facility to meet necessary capital expenditure needs, merger and acquisition strategies, and bank balance on hand.

The Group has reduced the loss for the nine-months ended December 31, 2017 by US$21.6 million to US$14.9 million compared to twelve-months ended March 31, 2017. Net cash used in operations for the nine-months ended December 2017, was reduced by US$3.3 million to US$5.0 million compared to twelve-months ended March 31, 2017. The Group's net current assets remained positive at US$13.1 million (March 31, 2017: net current asset of US$19.8 million).

During the nine-month period ended December 31, 2017, the Company drew down US$10 million on June 27, 2017 and a further US$5 million on July 13, 2017, totalling US$15 million from the convertible bond facility, to fund capital expenditures and for related corporate purposes. The remaining undrawn amount of the convertible bond facility as at December 31, 2017 is US$13.0 million.

The Company believes it has sufficient liquidity to meet all reasonable scenarios of operating and financial performance for the next 12 months.

The table below analyses the Group's financial liabilities into relevant maturity groupings at the reporting date, based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due are equal to their carrying balances as the impact of discounting is not significant. The maturity profile is:

	December 31, 2017 US$000	March 31, 2017 US$000
Less than 1 year		
Trade & other payables, accruals and provisions (Note 31)	10,837	12,040
Borrowings (Note 30))	829	435
	11,666	12,475
Within 2 years		
Secured Convertible Bond (Note 32)	12,770	-
	12,770	-

The Company's derivative financial instruments comprise the convertible bond amounting to US$12.8 million (March 31, 2017: US$Nil).

Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource properties and the ongoing operations of its producing assets. Given the nature of the Company's activities, the Board of Directors does not establish quantitative return on capital criteria for management, but rather works with management to ensure that capital is managed effectively and the business has a sustainable future.

To carry-out planned assets acquisition, exploration and development, and to pay for administrative costs, the Company may spend excess cash generated from its ongoing operations and may spend its existing working capital, and will work to raise additional funds if needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the financial period ended December 31, 2017. The Company is not subject to externally imposed capital requirements.

Fair value measurements

The Group discloses fair value measurements by level of the following fair value measurement hierarchy:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and

(iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Group only measures its derivative financial instruments at fair value and these have been classified as Level 3. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The financial instruments that are recorded in the Level 3 category comprise of unquoted equity investments/ liabilities. The fair values of these financial instruments are measured using valuation techniques that incorporate assumptions that are not evidenced by prices from observable current market transactions. Instead, they are based on unobservable inputs reflecting management's own assumptions about the way assets would be priced.

34. SEGMENT INFORMATION

For management purposes, the Group operates in two business segments, namely exploration and production of oil and gas. The geographic focus of the business is on SEA and Australia.

Revenue and non-current assets information based on the geographical location of assets respectively are as follows:

	Revenue		Non-current assets	
	Nine-months ended December 31, 2017	Twelve-months ended March 31, 2017	December 31, 2017	March 31, 2017
	US$000	US$000	US$000	US$000 Restated
Producing Assets				
Australia	42,203	33,135	95,898	78,781
SEA - Indonesia	18,240	2,007	1,346	4,374
Exploration and Evaluation Assets				
SEA – Vietnam	-	-	55,258	54,560
SEA - Philippines	-	-	50,415	50,369
Others	-	-	192	69
	60,443	35,142	203,109	188,153

	Nine-months ended December 31, 2017				Twelve-months ended March 31, 2017			
	Production Assets	Exploration Assets	Corporate	Total	Production Assets	Exploration Assets	Corporate Restated	Total Restated
Gross revenue	60,443	-	-	60,443[1]	35,142	-	-	35,142
Royalties	(8,429)	-	-	(8,429)	(725)	-	-	(725)
Net revenue	52,014	-	-	52,014	34,417	-	-	34,417
Production cost	(28,928)	-	-	(28,928)	(25,486)	-	-	(25,486)
FSO expenses	(14,592)	-	-	(14,592)	(10,781)	-	-	(10,781)
Depletion, depreciation and amortisation	(9,986)	-	-	(9,986)	(3,850)	-	(46)	(3,896)
Staff costs	(1,276)	(736)	(7,007)	(9,019)	(3,675)	(2,001)	(5,026)	(10,805)
Other expenses	(1,425)	(750)	(4,155)	(6,330)	(3,974)	(1,736)	(1,139)	(6,849)
Impairment of asset	-	-	-	-	-	(10,229)	-	(10,229)
Gain on disposal of assets	-	400	12	412	-	-	-	-
Exploration credit	-	341	-	341	-	239	-	239
Purchase discount	-	-	-	-	-	-	789	789
Finance costs	(3,888)	-	(416)	(4,304)	(687)	-	(1,342)	(2,029)
LOSS BEFORE TAX	(8,081)	(745)	(11,566)	(20,392)	(14,036)	(13,727)	(6,764)	(34,630)

[1] As at December 31, 2017, revenue from one (March 31, 2017: one) customer, domiciled in Singapore, contributed to 70% (March 31, 2017: 89%) of the Group's total revenue.

35. FINANCIAL COMMITMENTS

COMMITMENTS UNDER OPERATING LEASES AND EXPENSES FOR THE PERIOD/ YEAR

The Group has recognized the following expense during the period/ year related to operating leases:

	Nine months ended December 31, 2017 US$000	Year ended March 31, 2017 US$000
Operating lease rental:		
- Land and buildings	495	644
- Other	82	55
	577	699

The Group has entered into commercial leases as a lessee in respect of the rental of office premises, office equipment and cars. Future minimum rentals payable under non-cancellable operating leases as at period ended are as follows:

	December 31, 2017 US$000	March 31, 2017 US$000
Amount to be paid:		
Not later than one year	614	886
After one year but not more than five years	568	699
	1,182	1,585

SEA Portfolio PSC Operational Commitments

Certain PSC's and Service Concessions' have firm capital commitments where we are required to participate in minimum exploration activities. The Group has the following outstanding minimum exploration commitments:

	December 31, 2017 US$000	March 31, 2017 US$000
Not later than one year	10,000	10,000

The SEA portfolio PSC operational commitments as at December 31, 2017 amounting to US$10,000,000 (March 31, 2017: US$ 10,000,000), relates to the minimum work commitment outstanding in exploration phase two of the Block 46/07 PSC for the drilling of a further well.

Drilling of this well has been delayed as a result of Petrovietnam Exploration Production Corporation's ODP deliberations. The Group is seeking a further extension to exploration phase two of the Block 46/07 PSC, in order to maintain the alignment of appraisal and development drilling.

Stag Oilfield Operational Commitments

The treated oil from the Stag Oilfield is pumped 2 kilometres to a leased FSO vessel permanently moored to a catenary anchor leg mooring buoy. The following commitments relate to the FSO facility service agreement:

	December 31, 2017 US$000	March 31, 2017 US$000
Not later than one year	17,714	17,424
After one year but not more than five years	93,975	91,843
After five years	6,853	21,328

36. CONTINGENT LIABILITES

Stag Oilfield Contingent Liabilities

The Group may be responsible for certain contingent payments after 2017 of up to US$15 million which are linked to future expansion of the oilfield and oil price appreciation above agreed price levels. At this stage the Group's management does not consider it probable that the conditions necessary to trigger the contingent payments will occur. Accordingly, as at December 31, 2017, no provision has been recognised in these financial statements.

37. RELATED PARTY TRANSACTIONS

During the year, the Group entities did not enter into any transactions with related parties other than the following:

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	December 31, 2017 US$000	March 31, 2017 US$000
Short-term benefits	2,732	3,024
Other benefits	657	574
Termination payments	-	1,425
Share-based payments	318	94
	3,707	5,117

38. EVENTS AFTER THE REPORTING PERIOD

Commodity hedge
On January 3, 2018 Jadestone entered into a commodity hedge to hedge 350,000 bbls of crude oil production, over the period January 2, 2018 to June 30, 2018 at Brent ICE crude fixed at US$64.60/bbl. On January 22, 2018 Jadestone entered into another 350,000 bbls oil hedge, over the period July 1, 2018 to December 31, 2018, at Brent ICE crude fixed at US$65.00/bbl.

Block 05-1b&c
On February 22, 2018, Teikoku Oil (Con Son) Co. Ltd ("Teikoku"), a wholly owned subsidiary of Inpex Corporation, delivered to Jadestone, a purported notice of termination of the signed sale and purchase agreement ("SPA"), that had previously been agreed between Teikoku and a wholly owned subsidiary of Jadestone, on August 9, 2016, for the acquisition by Jadestone, from Teikoku, of a 30% working interest in the Blocks 05-1b and 05-1c. The purported termination was delivered despite Teikoku having just received, on February 9, 2018, the written waiver, by Vietnam Oil and Gas ("PVN"), of PVN's statutory pre-emption rights held under Vietnamese Law. Jadestone has not accepted Inpex's alleged termination and views the obligations of both parties under the SPA as continuing. Jadestone maintains its rights under the SPA and is assessing its options, including remedies available through legal action.

Ogan Komering
On February 28, 2018 Jadestone, along with Pertamina Hulu Energy, has been appointed to temporarily manage the Ogan Komering working area for up to six months from March 1, 2018 to September 1, 2018 or until the new Gross Split PSC of Ogan Komering working area is signed, whichever occurs first.

Stocks options
On March 29, 2018 Jadestone issued 3,000,000 incentive stock options to employees, officers and directors, and a consultant engaged in investor relations activities on behalf of the Company, exercisable for a period of ten years, at an exercisable price of C$0.50 per share. The stock options will vest over a period of three years and were granted in accordance with the terms of the Company's stock option plan, which has been approved by the Company's shareholders and the TSX Venture Exchange.

Block 127 PSC
Jadestone operates Block 127 PSC, a predominantly deepwater exploration block at the southern end of the Phu Khanh basin, with a 100% working interest. Subsequent to year end, the Company performed a review of its asset base and as a result of that review, the Company has decided to relinquish Vietnam PSC MEVPK/127 at the end of the PSC's exploration phase one, and having met all minimum work commitments. Jadestone informed PVN of its relinquishment decision on April 4, 2018 and will proceed with the relinquishment process in accordance with all applicable Vietnamese laws.