## Jadestone Energy Inc.

### Jadestone Energy Reports Results for the Period Ending March 31, 2020
### Strong Ongoing Cash Flow Generation

**May 28, 2020-Singapore:** Jadestone Energy Inc. (AIM:JSE) ("Jadestone", or the "Company"), an independent oil and gas production company focused on the Asia Pacific region, reported today its consolidated interim unaudited financial statements (the "Financial Statements"), as at and for the three-month period ended March 31, 2020. Management will host a conference call today at 9:00 a.m. UK time, details of which can be found in the release below.

**Paul Blakeley, President and CEO commented:**
*"I'm pleased to report another quarter of cash flow delivery and ongoing strengthening of our balance sheet. Prices realised for our production remain well above the Brent benchmark and are further bolstered by downside price protection through our hedging programme. At the same time, we have opted to utilise the substantial flexibility inherent in our 2020 spending plans, to reduce this year's capex by 80%.*

*The combined effect is that we continue to strengthen our net cash position, which now stands at US$72 million and affords us the comfort to re-affirm plans to pay our first dividend later this year, as previously committed. We are building a business that is resilient on all fronts, and can continue to thrive even in a low price environment, with an operating cashflow break-even oil price for the remainder of the year reduced to US$20/bbl.*

*While the challenges presented by the Covid-19 pandemic, and related global economic slowdown, will impact everyone in some way, we are remaining vigilant in how we manage our operations and the welfare of our colleagues and, to this point, we have experienced no disruptions to offshore operations. We remain committed to operating within the guidelines and expectations set out by local authorities, but we are optimistic that the global measures taken to date, can now begin to be scaled back, and that both oil demand and prices will continue their early upward trend.*

*At the same time, we are also optimistic about the potential for new M&A opportunities to present themselves as a result of the current challenging environment. We will not deviate from our stringent approach to screening, nor our exclusive focus on the Asia Pacific region, but we are well positioned to leverage our strong financial position as an acquirer. As always, our focus is on identifying and acquiring assets which offer the potential for substantial value generation through incremental investment."*

**Financial highlights**

- Net revenue for Q1 2020 was US$74.2 million, down 19% from Q4 2019, and up 32% on Q1 2019;
- Average realised oil price of US$64.09/bbl, 7% lower than Q4 2019, and 5% lower than Q1 2019. Realised prices reflect an average premium over Brent of ~US$11.50/bbl;
- Costs of production were US$26.5 million for Q1 2020, excluding non-recurring costs and workovers, remaining fairly stable compared to Q4 2019, and down US$1.9 million from Q1 2019;
- On a unit basis, cash opex increased to US$24.99/bbl[1], up 27% from Q4 2019 due to weather downtime and increased maintenance in Q1 2020, and up 3% from Q1 2019;
- Positive cash generated from operations, before changes in working capital, of US$36.0 million in Q1 2020, compared to US$58.0 million in Q4 2019, and US$27.5 million in Q1 2019;

- Adjusted EBITDAX of US$30.9[2] million, 48% lower than Q4 2019, and 34% higher than Q1 2019;
- Gross cash and bank balances of US$119.4[3] million at March 31, 2020, versus US$99.4[3] million at December 31, 2019; and
- Net cash of US$72.1[4] million at March 31, 2020, versus net cash of US$39.3[4] million at December 31, 2019.

**Operational highlights**

- Implemented measures to protect the well-being of personnel and to mitigate the specific risks and challenges posed by the Covid-19 pandemic;
- Continued safe operations at all assets, with no significant recordable personnel or environmental incidents, and no disruptions to offshore operations due to the Covid-19 pandemic and response;
- Produced an average of 11,665 bbls/d, 21% lower than Q4 2019 due to weather downtime and increased maintenance in Q1 2020, and 11% lower than Q1 2019;
- 2020 production guidance of 12,000-14,000 bbls/d for the year;
- Successfully completed a 3D seismic acquisition across the Montara area; and
- Maari acquisition on track to complete in H2 2020.

**Corporate highlights**

- Reduced the Company's planned 2020 spending guidance by 80% to US$30-35 million, by delaying the Nam Du and U Minh gas field developments, offshore Vietnam, and deferring the Australia infill drilling campaign into 2021;
- Initiated Project Clover, a Company-wide cost efficiency and capital savings programme, which has locked in 2020 savings of US$3/bbl to date, and targets a total of US$5/bbl of 2020 savings;
- Operating cashflow break-even oil price for the remainder of the year reduced to US$20/bbl;
- Re-affirmed the Company's plans for its maiden dividend payment to shareholders for later in 2020, with a targeted range of US$7.5-12.5 million; and
- Published the Company's maiden annual report and sustainability report.

**Operations update**

Montara total production averaged 8,799 bbls/d in Q1 2020, compared to 11,118 bbls/d in Q1 2019, as a result of both maintenance activities and cyclone-related downtime, typical for this time of the year. In addition, Q1 2019 benefitted from flush production following the voluntary shutdown of the asset in Q4 2018 to address the legacy inspection and maintenance backlog. There was a single lifting during the quarter, resulting in sales of 512,575 bbls, compared to 578,865 bbls in the first quarter of 2019.

Jadestone completed a 3D seismic acquisition covering the Montara area in Q1 2020, with a view to improving reservoir imaging for future infill wells and to assessing further exploration step-out potential. The seismic data is expected to be available in Q4 2020.

Stag total production averaged 2,866 bbls/d, compared to 1,941 bbls/d in Q1 2019. The increase was due in part to production from the 49H infill well drilled last year. In addition, Q1 2020 saw increased uptime compared to the same quarter a year ago, reflecting the fact that Q1 2019 was adversely impacted by rig mobilisation and weather-related downtime. There were two liftings during the quarter, resulting in sales of 518,193 bbls, compared to a single lifting of 169,986 bbls in Q1 2019.

Work toward planning the Company's infill well programme on both Montara and Stag has largely been completed, but with activity now on hold as part of the Company's deferral of the programme to 2021. These measures are intended to ensure investing into new infill wells is timed to coincide with a stronger oil price environment, to maximise potential returns and payback.

In Vietnam, Jadestone has deferred its Nam Du and U Minh gas development project and has removed substantially all capital spending which had been planned for 2020 on this project. The Company remains engaged with the Vietnamese Government, including ongoing discussions relating to a gas sales and purchase agreement which it anticipates will be completed alongside the eventual field development plan approval.

**Update to Covid-19 operational response**

Jadestone has not experienced any disruptions to its offshore operations due to the Covid-19 pandemic, but precautionary measures remain in place. As local and international recommendations protecting the wellbeing of people begin to be relaxed, the Company will respond in step, but will remain vigilant with regards to mitigating risks to its colleagues and operations, including continuing to rely on the role of pandemic managers, designated at each location.

Jadestone has undertaken a thorough assessment of all aspects of its operations, and the specific risks and challenges posed by the Covid-19 pandemic. The Company will continue to revisit this assessment regularly to ensure appropriate mitigations are in place as the impact of the pandemic evolves. In all instances, and at a minimum, the Company will comply with local and international recommendations protecting the wellbeing of its people and, in turn, to minimise the impact on its operations.

**Financial update**

Revenue in Q1 2020 was US$74.2 million, compared to US$91.2 million in Q4 2019 and US$56.4 million in Q1 2019. The variance to Q4 2019 is a combination of slightly lower lifting volumes and realised prices. Revenue in Q1 2019 reflects lower lifting volumes associated with the restart of operations from the Montara field following the voluntary shutdown in Q4 2018.

During Q1 2020, the Company recorded US$8.2 million in hedging income classified as profit. This compares to hedging income of US$3.5 million in Q4 2019 and US$5.8 million in Q1 2019, demonstrating the strong price protection from the Company's hedging programme.

The Company continued to enjoy strong premiums for both its Montara and Stag liftings in 2020, most recently US$6.10/bbl and US$21.00/bbl, respectively, and averaged US$11.58/bbl in Q1 2020.

Production costs for the first quarter were US$26.5 million, net of non-recurring costs and workovers, versus US$26.6 million in Q4 2019 and US$28.4 million in Q1 2019. The decrease compared to Q1 2019 is predominately due to lower operator costs after the transfer of operatorship in August 2019.

On a per barrel basis, this results in Q1 2020 unit opex of US$24.99/bbl[1], compared to US$19.63/bbl[1] in Q4 2019 and US$24.17/bbl[1] in Q1 2019. The increase compared to Q4 2019 is due predominately to lower production at Montara, as a result of maintenance activities and cyclone downtime.

Jadestone generated positive adjusted EBITDAX of US$30.9 million in Q1 2020, compared to US$59.9 million in Q4 2019 and US$23.1 million in Q1 2019. The variance to Q4 2019 is due to lower liftings and higher production costs, partially offset by increased hedging income.

The Company reported a net profit before tax of US$13.1 million, compared to US$27.1 million in Q4 2019 and US$10.7 million in Q1 2019.

Net cash generated from operations, before changes in working capital, was US$36.0 million in Q1 2020, compared to US$58.0 million in Q4 2019, and US$27.5 million for Q1 2019.

Cash used in investing activities in Q1 2020 was US$8.8 million, compared to US$5.1 million in Q4 2019 and US$7.5 million in Q1 2019. The majority of the Q1 2020 investment relates to intangible exploration expense associated with the Montara 3D seismic acquisition.

At March 31, 2020, the Company had total gross outstanding debt of US$37.3[4] million and total cash of US$119.4 million, including US$10.0 million of cash in support of a bank guarantee, or net cash of US$72.1 million. This compares to net cash of US$39.3[4] million at December 31, 2019, and net debt of US$13.4[4] million at March 31, 2019.

The Company's existing capped swap hedging programme continues to provide robust support for ongoing cash generation, establishing a floor benchmark crude oil price of US$68.45/bbl for approximately one third of the Company's production through to September 30, 2020, and excluding incremental oil price premia. The mark-to-market fair value on the capped swap as at March 31, 2020, was US$32.4 million.

**Selected financial information**

The following table provides selected financial information of the Company, which was derived from, and should be read in conjunction with, the consolidated unaudited financial statements for the period ended March 31, 2020.

| Quarterly comparison | Mar 2020 quarter | Mar 2019 quarter | Change (%) |
|---|---|---|---|
| Production, mbbls[5] | 1,061.5 | 1,175.3 | (9.7%) |
| Sales, mbbls[5] | 1,030.8 | 748.9 | 37.6% |
| Avg realised liquids price[6], US$/bbl[5] | 64.09 | 67.59 | (5.2%) |
| Sales revenue, US$ million | 74.2 | 56.4 | 31.6% |
| Capital expenditure[7], US$ million | 8.8 | 7.5 | 16.3% |
| **Quarterly comparison** | **Mar 2020 quarter** | **Dec 2019 quarter** | **Change (%)** |
| Production, mbbls[5] | 1,061.5 | 1,352.6 | (21.5%) |
| Sales, mbbls[5] | 1,030.8 | 1,266.3 | (18.6%) |
| Avg realised liquids price[6], US$/bbl[5] | 64.09 | 69.24 | (7.4%) |
| Sales revenue, US$ million | 74.2 | 91.2 | (18.6%) |
| Capital expenditure[7], US$ million | 8.8 | 5.1 | 71.4% |

**Conference call and webcast**

The management team will host an investor and analyst conference call at 4:00 p.m. (Singapore), 9:00 a.m. (London), and 4:00 a.m. (Toronto) today, Thursday, May 28, 2020, including a question and answer session.

The live webcast of the presentation will be available at the below webcast link. Dial-in details are provided below. Please register approximately 15 minutes prior to the start of the call. The results for the period ended March 31, 2020 will be available on the Company's website at: www.jadestone-energy.com/investor-relations/.

**Webcast link:** https://produceredition.webcasts.com/starthere.jsp?ei=1324011&tp_key=b2bfd089cb
**Event conference title: Jadestone Energy Inc. - First Quarter Results**
**Start time: 4:00 p.m. (Singapore), 9:00 a.m. (London), 4:00 a.m. (Toronto)**
**Date: Thursday, May 28, 2020**
**Conference ID: 60174148**

| Country | Dial-In Numbers |
|---|---|
| Australia | 1800076068 |
| Canada (Toronto) | 416 764 8688 |
| Canada (Toll free) | 888 390 0605 |
| France | 0800916834 |
| Germany | 08007240293 |
| Germany (Mobile) | 08007240293 |
| Hong Kong | 800962712 |
| Indonesia | 0078030208221 |
| Ireland | 1800939111 |
| Ireland (Mobile) | 1800939111 |
| Japan | 006633812569 |
| Malaysia | 1800817426 |
| New Zealand | 0800453421 |
| Singapore | 8001013217 |
| Switzerland | 0800312635 |
| Switzerland (Mobile) | 0800312635 |
| United Kingdom | 08006522435 |
| United States (Toll free) | 888 390 0605 |

Area access numbers are subject to carrier capacity and call volumes.

[1] Unit opex excludes workovers for comparability quarter-to-quarter, and non-recurring opex.
[2] EBITDAX is a non-GAAP financial measure which does not have a standardised meaning prescribed by IFRS. This non-GAAP financial measure is included because management uses this information to analyse financial performance, efficiency and liquidity and it may be useful to investors on the same basis. EBITDAX is a non-GAAP measure which should not be considered an alternative to, or more meaningful than, "net earnings (loss)" as determined in accordance with IFRS, as an indicator of financial performance. EBITDAX equals net earnings (loss) plus financial expenses (income), provisions for (recovery of) income taxes, and depletion, depreciation and amortisation and exploration expense. Because non-GAAP financial measures do not have a standardised meaning prescribed by IFRS, they are unlikely to be comparable to similar measures presented by other companies and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.
[3] Includes a US$10.0 million deposit in support of a bank guarantee.
[4] Gross outstanding debt and net debt/cash are non-GAAP measures which do not have a standardised meaning prescribed by IFRS. These measures are included because management uses this information to analyse the liquidity and financial position of the group and it may be useful to investors on the same basis. Gross outstanding debt and net debt/cash are non-GAAP measures and should not be considered an alternative to, or more meaningful than 'Net increase in cash and cash equivalents' as determined in accordance with IFRS, as an indicator of liquidity and financial performance. Gross outstanding debt is defined as long and short term interest bearing debt, with effective interest method financing costs added back, and excludes derivatives. Net debt/cash includes cash and cash equivalents, including the Montara assets' minimum working capital cash balance of US$15.0 million required to be maintained under the conditions of the reserve based lending facility and restricted cash of US$12.2 million (December 31, 2019: US$13.5 million) under the debt service reserve account, but excludes the US$10.0 million deposited in support of a bank guarantee to a key supplier. Because non-GAAP financial measures do not have a standardised meaning prescribed by IFRS, they are unlikely to be comparable to similar measures presented by other companies and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.
[5] Production, sales and average realised prices are expressed on a barrels of oil basis for the prevailing period.
[6] Realised liquids price reflect actual sales price net of marketing costs, and excludes hedge income.
[7] Payment for oil and gas property, plant and equipment and intangible exploration assets. In 2019 excludes the RLWI/major spend elements that are reported under opex. Also excludes acquisition related capital expenditure.

**- Ends -**

**Enquiries**

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**About Jadestone Energy Inc.**
Jadestone Energy Inc. is an independent oil and gas company focused on the Asia Pacific region. It has a balanced, low risk, full cycle portfolio of development, production and exploration assets in Australia, Vietnam and the Philippines.

The Company has a 100% operated working interest in the Stag oilfield and the Montara project, both offshore Australia. Both the Stag and Montara assets include oil producing fields, with further development and exploration potential. The Company has a 100% operated working interest in two gas development blocks in Southwest Vietnam and is partnered with Total in the Philippines where it holds a 25% working interest in the SC56 exploration block. In addition, the Company has executed a sale and purchase agreement to acquire an operated 69% interest in the Maari Project, shallow water offshore New Zealand, and anticipates completing the transaction in H2 2020, upon receipt of customary approvals.

Led by an experienced management team with a track record of delivery, who were core to the successful growth of Talisman's business in Asia, the Company is pursuing an acquisition strategy focused on growth and creating value through identifying, acquiring, developing and operating assets in the Asia Pacific region.
Jadestone Energy Inc. is listed on the AIM market of the London Stock Exchange. The Company is headquartered in Singapore. For further information on Jadestone please visit www.jadestone-energy.com.

**Cautionary statements**
Certain statements in this press release are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation, as well as other applicable international securities laws. The forward-looking statements contained in this press release are forward-looking and not historical facts.

Some of the forward-looking statements may be identified by statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "is targeting", "estimated", "intend", "plan", "guidance", "objective", "projection", "aim", "goals", "target", "schedules", and "outlook"). In particular, forward-looking statements in this press release include, but are not limited to statements regarding timing of the Nam Du and U Minh gas development project and the Australia infill drilling campaign, expected reductions to capital spending, 2020 average production, 2021 production growth and the timing and payment of the Company's maiden dividend.

Because actual results or outcomes could differ materially from those expressed in any forward-looking statements, investors should not place undue reliance on any such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Some of these risks, uncertainties and other factors are similar to those faced by other oil and gas companies and some are unique to Jadestone. The forward-looking information contained in this news release speaks only as of the date hereof. The Company does not assume any obligation to publicly update the information, except as may be required pursuant to applicable laws.

Henning Hoeyland of Jadestone Energy Inc., a Subsurface Manager with a Masters degree in Petroleum Engineering, who has been involved in the energy industry for more than 19 years, has read and approved the technical disclosure in this regulatory announcement.

**The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No. 596/2014, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations. Upon the publication of this announcement, this inside information is now considered to be in the public domain.**

**Glossary**

| | |
|---|---|
| bbls | barrels of oil |
| bbls/d | barrels of oil per day |
| EBITDAX | earnings before interest, tax, depreciation, amortisation and exploration expenses |
| mbbls | thousands of barrels of oil |

**Jadestone Energy Inc.**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**for the financial period ended March 31, 2020**

| | Notes | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019* USD'000 |
|---|---|---|---|
| **Consolidated statement of profit or loss** | | | |
| Revenue | 4 | 74,220 | 56,366 |
| Production costs | 5 | (30,553) | (22,721) |
| Depletion, depreciation and amortisation | 6 | (19,582) | (11,892) |
| Staff costs | 7 | (5,607) | (4,568) |

| | | | |
|---|---|---|---|
| Other expenses | 8 | (2,901) | (2,744) |
| Other income | 9 | 820 | 303 |
| Finance costs | 10 | (3,614) | (4,547) |
| Other financial gains | 11 | 359 | 478 |
| **Profit before tax** | | **13,142** | **10,675** |
| Income tax expense | 12 | (12,810) | (2,315) |
| **Profit for the period** | | **332** | **8,360** |
| **Earnings per ordinary share** | | | |
| Basic and diluted (US$) | 13 | 0.00 | 0.02 |
| **Consolidated statement of comprehensive income** | | | |
| Profit for the period | | 332 | 8,360 |
| **Other comprehensive income/(loss)** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Gain/(Loss) on unrealised cash flow hedges | 23 | 35,300 | (32,796) |
| Hedging gain reclassified to profit or loss | 23 | (8,162) | (5,752) |
| | | 27,138 | (38,548) |
| Tax (expense)/credit relating to components of other comprehensive income/(loss) | 12 | (8,142) | 11,564 |
| Other comprehensive income/(loss) | | **18,996** | **(26,984)** |
| **Total comprehensive income/(loss) for the period** | | **19,328** | **(18,624)** |

* Certain 2019 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 37.

All comprehensive income is attributable to the equity holders of the parent.

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

**Jadestone Energy Inc.**

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**as at March 31, 2020**

| | Notes | March 31, 2020 USD'000 | December 31, 2019* USD'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible exploration assets | 14 | 134,040 | 117,440 |
| Oil and gas properties | 15 | 365,328 | 381,674 |
| Plant and equipment | 16 | 1,758 | 1,780 |
| Right-of-use assets | 17 | 55,391 | 59,787 |
| Restricted cash | 21 | 10,000 | 17,477 |
| Deferred tax assets | 18 | 15,719 | 16,012 |
| **Total non-current assets** | | **582,236** | **594,170** |
| **Current assets** | | | |
| Inventories | 19 | 31,841 | 31,411 |
| Trade and other receivables | 20 | 24,534 | 42,283 |
| Derivative financial instruments | 30 | 32,411 | 5,275 |
| Restricted cash | 21 | 12,160 | 6,008 |
| Cash and cash equivalents | 21 | 97,244 | 75,934 |
| **Total current assets** | | **198,190** | **160,911** |
| **Total assets** | | **780,426** | **755,081** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| **Capital and reserves** | | | |
| Share capital | 22 | 466,573 | 466,573 |
| Share based payments reserve | 24 | 24,233 | 23,857 |
| Hedging reserves | 23 | 22,684 | 3,688 |
| Accumulated losses | | (268,319) | (268,651) |
| **Total equity** | | **245,171** | **225,467** |

| | Notes | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Provisions | 25 | 281,562 | 280,418 |
| Borrowings | 28 | - | 7,328 |
| Lease liabilities | 26 | 38,649 | 42,533 |
| Other payable | 27 | - | 359 |
| Deferred tax liabilities | 18 | 70,605 | 64,825 |
| **Total non-current liabilities** | | **390,816** | **395,463** |

* Certain 2019 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 37.

| | Notes | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Borrowings | 28 | 36,566 | 41,795 |
| Lease liabilities | 26 | 19,648 | 19,739 |
| Trade and other payables | 29 | 35,943 | 27,962 |
| Tax liabilities | | 52,282 | 44,655 |
| **Total current liabilities** | | **144,439** | **134,151** |
| **Total liabilities** | | **535,255** | **529,614** |
| **Total equity and liabilities** | | **780,426** | **755,081** |

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

Jadestone Energy Inc.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### for the financial period ended March 31, 2020

| | Share capital USD'000 | Share based payments reserve USD'000 | Hedging reserves USD'000 | Accumulated losses USD'000 | Total USD'000 |
|---|---|---|---|---|---|
| **As at January 1, 2019** | 466,562 | 22,375 | 35,480 | (309,156) | 215,261 |
| Profit for the period, representing total comprehensive profit | - | - | - | 8,360 | 8,360 |
| Other comprehensive loss for the period | - | - | (26,984) | - | (26,984) |
| **Total comprehensive (loss)/income for the period** | - | - | (26,984) | 8,360 | (18,624) |
| Shares issued | 11 | - | - | - | 11 |
| Share-based compensation, representing transaction with owners, recognised directly in equity (Note 24) | - | 117 | - | - | 117 |
| **As at March 31, 2019** | **466,573** | **22,492** | **8,496** | **(300,796)** | **196,765** |
| **As at January 1, 2020** | 466,573 | 23,857 | 3,688 | (268,651) | 225,467 |

| | | | | | |
|---|---|---|---|---|---|
| Profit for the period, representing total comprehensive profit | - | - | - | 332 | 332 |
| Other comprehensive income for the period | - | - | 18,996 | - | 18,996 |
| **Total comprehensive income for the period** | - | - | 18,996 | 332 | 19,328 |
| Share-based compensation, representing transaction with owners, recognised directly in equity (Note 24) | - | 376 | - | - | 376 |
| **As at March 31, 2020** | **466,573** | **24,233** | **22,684** | **(268,319)** | **245,171** |

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

**Jadestone Energy Inc.**

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

**for the financial period ended March 31, 2020**

| | Notes | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019* USD'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | | 13,142 | 10,675 |
| Adjustments for: | | | |
| Depletion, depreciation and amortisation | 6 | 15,186 | 9,878 |
| Depreciation of right-of-use assets | 6 / 17 | 4,396 | 2,014 |
| Other finance costs | 10 | 2,686 | 2,539 |
| Interest expense | 10 | 928 | 2,008 |
| Share based payments | 7 | 376 | 117 |
| Inventories written down | 5 | 351 | - |
| Loss on ineffective hedge recycled to profit or loss | 8 | 2 | 471 |
| Change in Stag FSO provision | 9 | (443) | - |
| Decrease in fair value of Montara contingent payments | 11 | (359) | (478) |
| Interest income | 9 | (218) | (303) |
| Oil and gas properties written off | 8 | - | 533 |
| **Operating cash flows before movements in working capital** | | **36,047** | **27,454** |
| Decrease in trade and other receivables | | 17,749 | 16,461 |
| Decrease/(Increase) in inventories | | 1,054 | (8,865) |
| Decrease in trade and other payables | | (7,752) | (8,143) |
| **Cash generated from operations** | | **47,098** | **26,907** |
| Interest paid | | (686) | (1,463) |
| Tax refunded | | - | 3,096 |
| **Net cash generated from operating activities** | | **46,412** | **28,540** |
| **Investing activities** | | | |
| Payment for oil and gas properties | 15 | (569) | (6,498) |

| | | | |
|---|---|---|---|
| Payment for plant and equipment | 16 | (84) | (94) |
| Payment for intangible exploration assets | 14 | (8,119) | (950) |
| Transfer from debt service reserve account | 21 | 1,325 | 2,369 |
| Interest received | 9 | 218 | 303 |
| **Net cash used in investing activities** | | **(7,229)** | **(4,870)** |

* Certain 2019 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 37.

| | Notes | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019* USD'000 |
|---|---|---|---|
| **Financing activities** | | | |
| Net proceeds from issuance of shares | | - | 11 |
| Repayment of borrowings | 28 | (12,830) | (15,753) |
| Repayment of lease liabilities | | (5,043) | (2,419) |
| **Net cash used in financing activities** | | **(17,873)** | **(18,161)** |
| **Net increase in cash and cash equivalents** | | 21,310 | 5,509 |
| **Cash and cash equivalents at beginning of the period** | | 75,934 | 52,981 |
| **Cash and cash equivalents at end of the period** | 21 | **97,244** | **58,490** |

* Certain 2019 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 37.

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

## 1. CORPORATE INFORMATION

Jadestone Energy Inc. (the "Company" or "Jadestone") is an oil and gas company incorporated in Canada.

The Company's ordinary shares are listed on AIM, a market by the London Stock Exchange. The Company trades under the symbol "JSE". The Company was listed on the TSX-V, but delisted on March 25, 2020.

The financial statements are expressed in United States Dollars ("US$" or "USD").

The Company and its subsidiaries (the "Group") are engaged in production, development, exploration and appraisal activities in Australia, Vietnam and the Philippines. The Company's current producing assets are in the Vulcan (Montara) and Carnarvon (Stag) basins, offshore Western Australia.

On November 18, 2019, the Group executed a sale and purchase agreement ("SPA") with Österreichische Mineralölverwaltungs Aktiengesellschaft New Zealand ("OMV New Zealand") to acquire an operated 69% controlling interest in the Maari project for a total consideration of US$50.0 million, and subject to customary working capital adjustments. The transaction is subject to regulatory approvals and joint venture partners' acceptance. Following these approvals, the transaction will close and control of the Maari project will transfer to the Group. The economic benefits from January 1, 2019 until the closing date will be adjusted in the final consideration price. The Group anticipates to complete the acquisition in second half of 2020

The Company's head office is located at 3 Anson Road, #13-01 Springleaf Tower, Singapore 079909. The registered office of the Company is 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5, Canada.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements (the "financial statements") are prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*, on a going concern basis under the historical cost convention. They do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and should be read in conjunction with Jadestone's audited consolidated financial statements for the year ended December 31, 2019.

These financial statements were approved for issuance by the Company's Board of Directors on May 28, 2020, on the recommendation of the Audit Committee.

## 3. BASIS OF PREPARATION

These financial statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value, which are stated at their fair values, and operating leases which are stated at the present value of future cash payments.

In addition, these financial statements have been prepared using the accrual basis of accounting.

**Adoption of new and revised standards**
**New and amended IFRS standards that are effective for the current period**

The Group has applied the following standards and amendments for the first time with effect from January 1, 2020.

- Amendments to IFRS 3 *Business Combinations*;
- Amendments to IAS 1 and IAS 8 *Definition of Material*; and
- Amendments to References to the Conceptual Framework in IFRS Standards.

All amendments are effective for annual periods beginning on January 1, 2020 and generally require prospective application.

**Amendments to IFRS 3 *Business Combinations***

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

**Amendments to IAS 1 and IAS 8 *Definition of Material***

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material
information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

**Amendments to References to the Conceptual Framework in IFRS Standards**

Together with the revised Conceptual Framework, which became effective upon publication on March 29, 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

**New and revised IFRS's on issue but not yet effective**

The Group has not applied the following new and revised IFRS that is relevant to the Group, and was issued, but not effective:

- Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*.

The amendment is effective for annual periods beginning on or after January 1, 2022, and generally require prospective application. The Group is currently performing an assessment of the impact of this amendment and does not anticipate a material impact on the financial statements of the Group in future periods

## 4. REVENUE

The Group derives its revenue from contracts with customers for the sale of oil and gas products. Revenue is presented net of royalties.

| | **Three months ended March 31, 2020 USD'000** | **Three months ended March 31, 2019 USD'000** |
|---|---|---|
| **Liquids revenue - including hedging** | | |
| Montara | 40,443 | 44,922 |
| Stag | 33,777 | 11,444 |
| **Total revenue derived from contracts with customers** | **74,220** | **56,366** |

## 5. PRODUCTION COSTS

| | **Three months ended March 31, 2020 USD'000** | **Three months ended March 31, 2019 USD'000** |
|---|---|---|
| Operating costs | 11,660 | 15,495 |
| Workovers | 5,252 | 3,147 |
| Logistics | 4,552 | 8,064 |
| Repairs and maintenance | 6,408 | 4,489 |
| Inventories written down | 351 | - |
| Movement in inventories | 2,330 | (8,474) |

| | | |
|---|---|---|
| | **30,553** | **22,721** |

## 6. DEPLETION, DEPRECIATION AND AMORTISATION ("DD&A")

| | **Three months ended March 31, 2020 USD'000** | **Three months ended March 31, 2019 USD'000** |
|---|---|---|
| Depletion and amortisation (Note 15): | | |
| Montara | 14,348 | 18,038 |
| Stag | 2,567 | 1,531 |
| | 16,915 | 19,569 |
| Depreciation of plant and equipment (Note 16) | 106 | 94 |
| Right-of-use assets (Note 17) | 4,396 | 2,014 |
| Movement in inventories | (1,835) | (9,785) |
| | **19,582** | **11,892** |

## 7. STAFF COSTS

| | **Three months ended March 31, 2020 USD'000** | **Three months ended March 31, 2019 USD'000** |
|---|---|---|
| Wages, salaries and fees | 4,311 | 3,844 |
| Staff benefits in kind | 920 | 607 |
| Share-based compensation | 376 | 117 |
| | **5,607** | **4,568** |

The above staff cost includes director's and non-executive directors' salaries and fees.

## 8. OTHER EXPENSES

| | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019 USD'000 |
|---|---|---|
| Professional fees/consultancies | 984 | 803 |
| Exploration expenses | 972 | - |
| Office costs | 664 | 520 |
| Travel and entertainment | 148 | 173 |
| Net loss on ineffective oil derivatives | 2 | 471 |
| Oil and gas properties written off | - | 533 |
| Net foreign exchange loss | - | 143 |
| Other expenses | 131 | 101 |
| | **2,901** | **2,744** |

## 9. OTHER INCOME

| | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019 USD'000 |
|---|---|---|
| Interest income | 218 | 303 |
| Net foreign exchange gain | 159 | - |
| Change in Stag FSO provision | 443 | - |
| | **820** | **303** |

## 10. FINANCE COSTS

| | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019 USD'000 |
|---|---|---|
| Interest expense | 928 | 2,008 |
| Accretion expense for asset retirement obligations (Note 25) | 1,556 | 1,732 |
| Interest expense on lease liabilities (Note 17) | 1,068 | 769 |

| | | |
|---|---|---|
| Accretion expense for Stag FSO provision (Note 25) | 31 | 38 |
| Other finance costs | 31 | - |
| | **3,614** | **4,547** |

During the current period, the Group paid interest of US$0.7 million (2019: US$1.5 million) related to the reserve based loan ("RBL").

## 11. OTHER FINANCIAL GAINS

| | **Three months ended March 31, 2020 USD'000** | **Three months ended March 31, 2019 USD'000** |
|---|---|---|
| Decrease in fair value of Montara contingent payments | 359 | 478 |

## 12. INCOME TAX EXPENSE

| | **Three months ended March 31, 2020 USD'000** | **Three months ended March 31, 2019 USD'000** |
|---|---|---|
| **Current tax** | | |
| Corporate tax | (7,628) | (10,071) |
| Petroleum resource rent tax ("PRRT") | (7,251) | 3,094 |
| | (14,879) | (6,977) |
| **Deferred tax** | | |
| Corporate tax (Note 18) | 2,129 | 5,227 |
| PRRT (Note 18) | (60) | (565) |
| | 2,069 | 4,662 |
| | **(12,810)** | **(2,315)** |

The Australian corporate income tax rate is applied at 30%. PRRT is calculated at 40% of sales revenue less certain permitted deductions and is tax deductible for Australian corporate 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 Company is a resident in the Province of British Columbia and pays no Canadian tax; the Group has no operating business in Canada. Subsidiaries are resident for tax purposes in the territories in which they operate.

The tax expense on Group profit differs from the amount that would arise using the standard rates of income tax applicable in the countries of operation as explained below:

| | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019 USD'000 |
|---|---|---|
| **Profit before tax** | **13,142** | **10,675** |
| Tax calculated at the domestic tax rates applicable to the profit in the respective countries (Australia 30%, Indonesia 48%*, Canada 27% and Singapore 17%) | (4,254) | (4,110) |
| Effects of non-deductible expenses | (1,245) | (733) |
| PRRT tax expense | (10,194) | (2,512) |
| Effect of PRRT tax benefit | 2,883 | 5,040 |
| **Tax expense for the period** | **(12,810)** | **(2,315)** |

* The Indonesian tax rate is based on the effective rate after taking into account the corporate tax rate of 35% and the branch profit tax of 20%.

In addition to the amount charged to the profit and loss, the following amounts relating to tax have been recognised in other comprehensive income.

| | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019 USD'000 |
|---|---|---|
| **Other comprehensive income - deferred tax** | | |
| Income tax (expense)/credit related to carrying amount of cash flow hedges | (8,142) | 11,564 |

## 13. PROFIT PER ORDINARY SHARE

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

| | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019 USD'000 |
|---|---|---|
| Profit for the purposes of basic and diluted per share, being the net profit for the period attributable to equity holders of the Company | 332 | 8,360 |

| | Three months ended March 31, 2020 USD'000 | Three months ended March 31, 2019 USD'000 |
|---|---|---|
| Weighted average number of ordinary shares for the purposes of basic EPS | 461,042,811 | 461,034,663 |
| Effect of diluted potential ordinary shares - share options | 3,622,443 | 931,349 |
| Weighted average number of ordinary shares for the purposes of dilutive EPS | 464,665,254 | 461,966,012 |

The calculation of diluted EPS for the three months ended March 31, 2020 includes 3,622,443 of weighted average dilutive ordinary shares available for exercise from in-the-money vested options (three months ended March 31, 2019: 931,349). Additionally, 665,160 of weighted average potential ordinary shares available for exercise, are excluded as they are out-of-the-money (three months ended March 31, 2019: 607,821).

| **Earnings per share (US$)** | Three months ended March 31, 2020 | Three months ended March 31, 2019 |
|---|---|---|
| - Basic | 0.00 | 0.02 |
| - Diluted | 0.00 | 0.02 |

## 14. INTANGIBLE EXPLORATION ASSETS

| | Total<br>USD'000 |
|---|---|
| **Cost** | |
| As at January 1, 2020 | 117,440 |
| Additions | 16,600 |
| **As at March 31, 2020** | **134,040** |
| **Impairment** | |
| As at January 1, 2020/ March 31, 2020 | - |
| **Net book value** | |
| **As at December 31, 2019** | **117,440** |
| **As at March 31, 2020** | **134,040** |

For the purpose of the consolidated statement of cash flows, intangible exploration assets of US$8.4 million remained unpaid as at March 31, 2020 (March 31, 2019: US$1.7 million).

## 15. OIL AND GAS PROPERTIES

| | Total<br>USD'000 |
|---|---|
| **Cost** | |
| As at January 1, 2020 | 492,985 |
| Additions | 569 |
| **As at March 31, 2020** | 493,554 |
| **Accumulated depletion and amortisation** | |
| As at January 1, 2020 | 111,311 |
| Charge for the period (Note 6) | 16,915 |
| **As at March 31, 2020** | 128,226 |
| **Net book value** | |
| **As at December 31, 2019** | **381,674** |
| **As at March 31, 2020** | **365,328** |

## 16. PLANT AND EQUIPMENT

| | Computer equipment USD'000 | Fixtures and fittings USD'000 | Total USD'000 |
|---|---|---|---|
| **Cost** | | | |
| **As at January 1, 2020** | 2,824 | 1,315 | 4,139 |
| Additions | 9 | 75 | 84 |
| **As at March 31, 2020** | **2,833** | **1,390** | **4,223** |
| **Accumulated depreciation** | | | |
| **As at January 1, 2020** | 1,334 | 1,025 | 2,359 |
| Charge for the period (Note 6) | 90 | 16 | 106 |
| **As at March 31, 2020** | **1,424** | **1,041** | **2,465** |
| **Net book value** | | | |
| **As at December 31, 2019** | **1,490** | **290** | **1,780** |
| **As at March 31, 2020** | **1,409** | **349** | **1,758** |

## 17. RIGHT-OF-USE ASSETS

| | Production assets USD'000 | Transportation and logistics USD'000 | Buildings USD'000 | Total USD'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| **As at January 1, 2020/ March 31, 2020** | 29,339 | 42,320 | 3,004 | 74,663 |
| **Accumulated depreciation** | | | | |
| **As at January 1, 2020** | 5,334 | 8,519 | 1,023 | 14,876 |
| Charge for the period (Note 6) | 1,334 | 2,815 | 247 | 4,396 |
| **As at March 31, 2020** | **6,668** | **11,334** | **1,270** | **19,272** |
| **Net book value** | | | | |

| | | | | |
|---|---|---|---|---|
| **As at December 31, 2019** | **24,005** | **33,801** | **1,981** | **59,787** |
| **As at March 31, 2020** | **22,671** | **30,986** | **1,734** | **55,391** |

The Group leases several assets including the Stag FSO, helicopters, a supply boat, logistics facilities for the Montara field, and buildings. The average lease term is 4 years.

| | **Three months ended March 31, 2020 USD'000** | **Three months ended March 31, 2019 USD'000** |
|---|---|---|
| **Amount recognised in profit or loss** | | |
| Depreciation expense on right-of-use assets (Note 6) | 4,396 | 2,014 |
| Interest expense on lease liabilities (Note 10) | 1,068 | 769 |
| Expenses relating to short-term leases | 6 | -* |
| Expense relating to leases of low value assets | 3 | 2 |

* Due to figure rounded to nearest thousand.

## 18. DEFERRED TAX

The following are the deferred tax liabilities and assets recognised by the Group and movements thereon during the current reporting period.

| | **Australian PRRT USD'000** | **Tax depreciation USD'000** | **Derivatives financial instruments USD'000** | **Total USD'000** |
|---|---|---|---|---|
| **As at January 1, 2020** | 13,215 | (60,445) | (1,583) | (48,813) |
| (Charged)/Credited to profit or loss (Note 12) | (60) | 2,129 | - | 2,069 |
| Charged to OCI | - | - | (8,142) | (8,142) |
| **As at March 31, 2020** | **13,155** | **(58,316)** | **(9,725)** | **(54,886)** |

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. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| Deferred tax liabilities | (70,605) | (64,825) |
| Deferred tax assets | 15,719 | 16,012 |
| | **(54,886)** | **(48,813)** |

**19. INVENTORIES**

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| Materials and spares | 10,240 | 8,964 |
| Crude oil inventories | 21,601 | 22,447 |
| | **31,841** | **31,411** |

**20. TRADE AND OTHER RECEIVABLES**

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| Trade receivables | 12,113 | 34,007 |
| Prepayments | 4,398 | 4,754 |
| Other receivables and deposits | 6,645 | 2,311 |
| GST/VAT receivables | 1,378 | 1,211 |
| | **24,534** | **42,283** |

**21. CASH AND BANK BALANCES**

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| **Current assets** | | |

| | | |
|---|---|---|
| Cash and bank balances | 109,404 | 81,942 |
| Less: restricted cash | (12,160) | (6,008) |
| Cash and cash equivalents | 97,244 | 75,934 |
| **Non-current assets** | | |
| Cash and bank balances | 10,000 | 17,477 |
| Less: restricted cash | (10,000) | (17,477) |
| Cash and cash equivalents | - | - |
| **Cash and cash equivalents in the statement of cash flows** | **97,244** | **75,934** |

As part of the reserve based lending agreement (Note 28), the Group must retain an aggregate amount of principal, interest, fees and costs payable at each quarter-end in the debt service reserve account ("DSRA"). An amount of US$12.2 million (December 31, 2019: US$13.5 million) is deposited in the DSRA as at March 31, 2020. In addition, the Group is required to maintain a minimum cash balance in the Montara cash operating account of US$15.0 million (December 31, 2019: US$15.0 million). The DSRA has been classified as restricted cash given certain restrictions under the loan agreement to withdraw amounts from the DSRA. The scheduled amounts of quarterly principal repayment under the loan, are sculpted, and decline over time, and hence the quantum required under the DSRA will fall, in line with reductions in the principal repayment, all other things being equal. As at March 31, 2020, the whole DSRA balance of US$12.2 million (December 31, 2019: US$6.0 million) has been recognised as current/able to be released within 12 months. As at December 31, 2019, US$7.5 million was treated as non-current/able to be released in 2021.

## 22. SHARE CAPITAL

**Authorised share capital**

Unlimited number of ordinary voting shares with no par value.

| | No. of shares | US$'000 |
|---|---|---|
| **Issued and fully paid** | | |
| **As at January 1, 2020/ March 31, 2020** | 461,042,811 | 466,573 |

The Company has one class of ordinary share. Fully paid ordinary shares carry one vote per share, without restriction, and carry a right to dividends as and when declared by the Company.

## 23. HEDGING RESERVES

| | Total USD'000 |
|---|---|
| **As at January 1, 2020** | (3,688) |
| Gain arising on changes in fair value of hedging instruments during the period | (35,300) |
| Income tax related to gain recognised in other comprehensive income | 10,590 |
| Net gain reclassified to profit or loss | 8,162 |
| Income tax related to amounts reclassified to profit or loss | (2,448) |
| **As at March 31, 2020** | **(22,684)** |

## 24. SHARE BASED PAYMENTS RESERVE

The total expense arising from share based payments recognised for the period ended March 31, 2020 was US$0.4 million (March 31, 2019: US$0.1 million).

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 3, 2019 | March 28, 2019 |
| Risk-free rate | 1.47% to 1.47% | 1.46% to 1.47% |
| Expected life | 5.5 to 6.5 years | 5.5 to 6.5 years |
| Expected volatility | 40.1% to 42.8% | 39.9% to 42.3% |
| Share price | C$1.17 | C$0.85 |
| Exercise price | C$1.17 | C$0.85 |
| Expected dividends | Nil | Nil |

The following table summarises the share options outstanding and exercisable as at March 31, 2020:

| | Share Options | | | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price, C$ | Weighted average remaining contract life | Number of options exercisable |
| **As at January 1, 2020** | 19,867,842 | 0.68 | 8.21 | 7,019,480 |
| Vested during the period | | 0.66 | 8.11 | 5,478,339 |
| Cancelled during the period | (100,000) | 0.85 | - | - |
| **As at March 31, 2020** | 19,767,842 | 0.68 | 7.84 | 12,497,819 |

## 25. PROVISIONS

| | Provision for asset restoration obligations USD'000 | Stag FSO provision USD'000 | Total USD'000 |
|---|---|---|---|
| **As at January 1, 2020** | 275,422 | 4,996 | 280,418 |
| Accretion expense (Note 10) | 1,556 | 31 | 1,587 |
| Changes in discount rate and FX assumptions and estimates (Note 9) | - | (443) | (443) |
| **As at March 31, 2020** | **276,978** | **4,584** | **281,562** |

The Group's asset restoration obligations ("ARO") result from the future estimated costs to decommission each of the Stag and Montara assets.

The carrying value of the provision comprises the discounted present value of the estimated future costs. Current estimated costs of the ARO for each of the Stag and Montara assets have been escalated to the estimated date at which the expenditure would be incurred, at an assumed blended inflation rate of 2.06% and 2.10% respectively, unchanged from the rate as at December 31, 2019. The estimates are a blend of assumed US and Australian inflation rates to reflect the underlying mix of US dollar and Australian dollar denominated expenditures. The present value of the future estimated ARO for each of the Stag and Montara assets has then been calculated based on blended risk-free rates of 2.24% and 2.31% respectively, unchanged from the rate as at December 31, 2019.

Management expects decommissioning expenditures to be incurred from 2033 and 2036 onwards for Montara and Stag, respectively.

The Stag FSO provision represents the fair value of amounts payable to the crew of the FSO on termination of the lease.

## 26. LEASE LIABILITIES

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| Analysed as: | | |
| Non-current | 38,649 | 42,533 |
| Current | 19,648 | 19,739 |
| | **58,297** | **62,272** |

## 27. OTHER PAYABLE

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| Montara contingent payments | - | 359 |

## 28. BORROWINGS

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| **Non-current secured borrowings** | | |
| Reserve based lending facility | - | 7,328 |
| **Current secured borrowings** | | |
| Reserve based lending facility | 36,566 | 41,795 |
| | **36,566** | **49,123** |

During the period, the Group made principal repayment and interest service costs of US$12.8 million and US$0.7 million respectively.

## 29. TRADE AND OTHER PAYABLES

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| Trade payables | 8,425 | 9,192 |
| Other payables | 16,163 | 14,355 |
| Provision for long service leave | 796 | 851 |
| Other provisions | 3,232 | 3,460 |
| PRRT payable | 7,251 | - |
| GST/VAT payables | 76 | 104 |
| | **35,943** | **27,962** |

These amounts are non-interest bearing. The Group believes that the carrying amount of trade payables approximates their fair value.

## 30. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivatives to manage its exposure to oil price fluctuations. Oil price hedges are undertaken using swaps and call options. All contracts are based on Dated Brent oil price swaps and options. In the current period, the Group has designated its capped swap as a cash flow hedge of highly probable sales.

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| **Derivative financial assets** | | |
| Designated as cash flow hedges | | |
| *Commodity capped swap* | 32,411 | 5,275 |

The following is a summary of the Group's outstanding derivative contracts:

**Contracts designated as hedges**

| Contract quantity | Type of contracts | Terms | Contract price | Hedge classification | Fair value asset at March 31, 2020 USD'000 | Fair value asset at December 31, 2019 USD'000 |
|---|---|---|---|---|---|---|
| 32% (December 31, 2019: 32%) of Group's anticipated planned production in the nine months to September 30, 2020 | Commodity capped swap: swap component | Oct 2018 - Sep 2020 | US$78.26/bbl for Q4 2018, US$71.72/bbl for 2019 and US$68.45/bbl for the nine months to September 30, 2020 | Cash flow | 32,404 | 5,203 |
| 67% (December 31, 2019: 67%) of swapped barrels in the nine months to September 30, 2020 | Commodity capped swap: call component | Jan 2019 - Sep 2020 | US$80.00/bbl for the nine months to September 30, 2019, then US$85.00/bbl to September 2020 | | 7 | 72 |

The following tables detail the commodity swap contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Commodity swap contract assets are included in the "derivative financial instruments" line item in the consolidated statement of financial position.

**Hedging instruments - outstanding contracts**

| | Oil volumes bbls | Notional value USD'000 | Change in fair value used for calculating hedge ineffectiveness USD'000 | Fair value assets USD'000 |
|---|---|---|---|---|
| **March 31, 2020** | | | | |
| **Cash flow hedges** | | | | |
| Commodity swap component | 716,100 | 48,515 | 2 | 32,404 |
| Commodity call component | 358,050 | 30,434 | - | 7 |
| | | | **2** | **32,411** |
| **December 31, 2019** | | | | |
| **Cash flow hedges** | | | | |
| Commodity swap component | 1,136,940 | 77,829 | 633 | 5,203 |
| Commodity call component | 568,470 | 48,320 | - | 72 |
| | | | **633** | **5,275** |

**Hedged items**

| | Change in value used for calculating hedge ineffectiveness USD'000 | Balance in cash flow hedge reserve for continuing hedges USD'000 | Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied USD'000 |
|---|---|---|---|
| **March 31, 2020** | | | |
| **Cash flow hedges** | | | |
| Forecast sales | 2 | 22,684 | - |
| **December 31, 2019** | | | |
| **Cash flow hedges** | | | |
| Forecast sales | 633 | 3,688 | - |

The following table details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss:

| | **Current period hedging gains/(losses) recognised in OCI USD'000** | **Amount of hedge ineffectiveness recognised in profit or loss USD'000** | **Line item in profit or loss in which hedge ineffectiveness is included USD'000** | **Amount reclassified to profit or loss due to hedged item affecting profit or loss USD'000** | **Line item in profit or loss in which reclassification adjustment is included** |
|---|---|---|---|---|---|
| **March 31, 2020** | | | | | |
| **Cash flow hedges** | | | | | |
| Forecast sales | 24,710 | 2 | Other expenses | 8,160 | Revenue |
| **December 31, 2019** | | | | | |
| **Cash flow hedges** | | | | | |
| Forecast sales | (21,380) | 633 | Other expenses | 14,241 | Revenue |

## 31. BUSINESS RISKS AND UNCERTAINTIES

The Group has processes and systems in place designed to identify the principal risks of the business and has established what is considers reasonable mitigation strategies wherever possible.

For a detailed analysis of how the Group manages its business risks and uncertainties, see the Group's financial statements for the year ended December 31, 2019. Aside from the below, the Group's business risks and uncertainties have not materially changed since the disclosure in the audited consolidated financial statements.

**Impact of Coronavirus outbreak ("Covid-19")**

On January 30, 2020, the World Health Organisation declared the Covid-19 outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of Covid-19 include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. Covid-19 and the actions taken to mitigate it, have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Group operates.

On April 12, 2020, members of Organisation of the Petroleum Exporting Countries and certain other countries including the Russian Federation, have agreed to cut global daily oil production by almost 10%, representing 9.7mm bbls/d effectively from May 2020.

The substantially lower crude oil price will reduce the Group's revenue in 2020, but the Group has no plan to reduce its crude oil production as the Group has significant downside protection in place, including via its capped swap and a relatively competitive cash operating cost base. The Group has hedged about a third of its planned production for the first nine months of 2020. Additionally, the crude at both Stag and Montara has generated a premium above benchmark crude oil prices.

In the absence of Vietnamese Government approvals for the Nam Du/U Minh field development plan in Q1 2020, and the decline in oil prices, the Group announced on March 19, 2020 to defer the Nam Du/U Minh gas field development. In respect of the Block 46/07 PSC appraisal well commitment, the Group will seek Vietnam Government approval for a further extension to the existing June 29, 2021 deadline, in order to align drilling of the appraisal well with development of Nam Du/U Minh. The Group is committed to the project and expects to receive approval for the extension request.

At the time the Group undertook the impairment review of its non-financial assets, as at March 31, 2020, the spot price for Dated Brent was US$17.68/bbl. Since that time, Dated Brent oil prices have climbed to US$32.85/bbl as at May 22, 2020. Aside from a US$0.4 million adjustment to the net realisable value of the Stag inventories as at March 31, 2020, no impairment has been made by the Group to its non-financial assets as at the reporting date. The current lower oil price is not regarded as indicative of medium and longer term oil prices for the purpose of impairment assessment of the Group' medium- and long-term non-financial assets including intangible exploration assets and oil and gas properties.

The Group will reflect updated oil price data during its next impairment review, including spot oil prices, but will also give due consideration to both the medium- and long-term outlook for crude oil prices.

The Group will closely monitor the development of the Covid-19 outbreak and related oil prices outlook, and continue to evaluate its impact on the business, the Group's financial position and operating results. As part of the preparation of the current financial statements, a forward-looking going concern analysis was undertaken at some of the lower current third-party downside Brent crude oil price outlooks, including US$21/bbl in Q2 2020 and US$30/bbl in H2 2020. The Group was able to generate positive operating cashflow without resorting to significant cuts in operating costs, and continue as a going concern.

## 32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENTS

For a detailed analysis on how the Group manages its financial instruments, financial risks and capital management, see the Group's consolidated financial statements for the year ended December 31, 2019. The financial risks, instruments and capital market strategies have not materially changed since the year end.

**Capital management**

The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group, 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 Group's activities, the Board of Directors works with management to ensure that capital is managed effectively, and the business has a sustainable future.

To carry out planned asset acquisitions, exploration and development, and to pay for administrative costs, the Group may utilise excess cash generated from its ongoing operations and may utilise its existing working capital, and will work to raise additional funds should that be necessary.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable. There were no changes in the Group's approach to capital management during the financial period ended March 31, 2020. The Group is not subject to externally imposed capital requirements.

| | March 31, 2020 USD'000 | December 31, 2019 USD'000 |
|---|---|---|
| Borrowings (Note 28) | (36,566) | (49,123) |
| Cash and cash equivalents (Note 21) | 97,244 | 75,934 |
| Restricted cash (Note 21) | 12,160 | 13,485 |
| **Cash less borrowings** | **72,838** | **40,296** |

Borrowings comprise long and short-term borrowings, incorporating effective interest method financing costs, and excludes derivatives, as detailed in Note 28. Cash and cash equivalents includes the Montara Assets' minimum working capital cash balance of US$15.0 million required under the RBL, while restricted cash comprises the US$12.2 million in the RBL debt service reserve account (December 31, 2019: US$13.5 million). Restricted cash, as shown here, excludes the US$10.0 million deposited in support of a bank guarantee to a key supplier in respect of the Stag FSO.

## 33. SEGMENT INFORMATION

Information reported to the Group's Chief Executive Officer (the Chief Operating Decision Maker), for the purposes of resource allocation, is focused on two reportable/business segments driven by different types of activities within the upstream oil and gas value chain, namely producing assets and development and exploration assets. 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:

| | Three months ended March 31, 2020 | | | |
|---|---|---|---|---|
| | Producing assets Australia USD'000 | Exploration/ Development SEA USD'000 | Corporate USD'000 | Total USD'000 |
| **Revenue** | | | | |
| Liquids revenue | 74,220 | - | - | 74,220 |
| Production cost | (30,553) | - | - | (30,553) |
| DD&A | (19,481) | (28) | (73) | (19,582) |
| Staff costs | (2,288) | (1,061) | (2,258) | (5,607) |
| Other expenses | (1,494) | (82) | (1,325) | (2,901) |
| Other income | 892 | 5 | (77) | 820 |

| | | | | |
|---|---|---|---|---|
| Finance costs | (3,604) | (1) | (9) | (3,614) |
| Other financial gains | 359 | - | - | 359 |
| **Profit/(Loss) before tax** | **18,051** | **(1,167)** | **(3,742)** | **13,142** |
| **Additions to non-current assets** | 5,955 | 11,223 | 75 | 17,253 |
| **Non-current assets** | 438,218 | 127,357 | 942 | 566,517 |

| | **Three months ended March 31, 2019** | | | |
|---|---|---|---|---|
| | **Producing assets Australia USD'000** | **Exploration/Development SEA USD'000** | **Corporate USD'000** | **Total USD'000** |
| **Revenue** | | | | |
| Liquids revenue | 56,366 | - | - | 56,366 |
| Production cost | (22,721) | - | - | (22,721) |
| DD&A | (11,782) | - | (110) | (11,892) |
| Staff costs | (1,727) | (775) | (2,066) | (4,568) |
| Other expenses | (2,298) | (97) | (349) | (2,744) |
| Other income | 302 | - | 1 | 303 |
| Finance costs | (4,920) | - | 373 | (4,547) |
| Other financial gains | 478 | - | - | 478 |
| **Profit/(Loss) before tax** | **13,698** | **(872)** | **(2,151)** | **10,675** |
| **Additions to non-current assets** | 6,071 | 2,543 | - | 8,614 |
| **Non-current assets** | 517,157 | 98,214 | 1,229 | 616,600 |

Non-current assets include oil and gas properties, intangible exploration assets, right-of-use assets, restricted cash and plant and equipment used in corporate offices.

## 34. CONTINGENT LIABILITIES

***Stag***

The Group may be responsible for certain contingent payments after March 31, 2020 of up to US$10.0 million linked to future expansion of the Stag Oilfield. At this time, Jadestone's management does not consider it probable that the conditions necessary to trigger the contingent payments will occur. Accordingly, as at March 31, 2020, no provision has been recognised in the financial statements.

***Montara***

The Group may be responsible for certain contingent payments after March 31, 2020 of up to US$110.0 million linked to oil price appreciation, and/or volumes of production from the first infill well in its first year, and/or future expansion of the Montara Assets. At this time, Jadestone's management only considers the contingent payments of up to US$10.0 million (fair value of US$ Nil) linked to oil price appreciation above US$80/bbl in 2020 as possible but remote, while also noting the uncertain nature of future changes in oil prices; in this case future prices of Dated Brent. Accordingly, as at March 31, 2020, no provision has been recognised in the financial statements.

## 35. RELATED PARTY TRANSACTIONS

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

**Compensation of key management personnel**

| | **Three months ended March 31, 2020 USD'000** | **Three months ended March 31, 2019 USD'000** |
|---|---|---|
| Short-term benefits | 1,706 | 1,089 |
| Other benefits | 215 | 212 |
| Share based payments | 237 | 123 |
| | **2,158** | **1,424** |

The total remuneration of members of key management for three months ended March 31, 2020 (including salaries and benefits) was US$2.2 million (March 31, 2019: US$1.4 million).

As at March 31, 2020, the Group has seventeen key management personnel (March 31, 2019: thirteen).

## 36. EVENTS AFTER THE END OF THE REPORTING PERIOD

### *Australian dollar forward contracts*

On April 22, 2020, the Group entered into a series of forward exchange contracts under which it is contracted to purchase AU$10.0 million per month, for six months, commencing May 21, 2020, at a fixed forward AU$/US$ exchange rate of 0.6344.

### *Stocks options, performance shares and restricted shares*

On April 27, 2020 Jadestone granted an aggregate of 6,525,000 incentive stock options to a number of employees, officers, directors, and consultants, exercisable over a period of ten years, at an exercisable price of GBP 0.44 per share. The stock options will vest upon the third anniversary of the grant date.

The Group also issued an aggregate of 695,200 performance share awards to a number of its employees, and 101,063 restricted share awards to the Company's President and CEO, A. Paul Blakeley.

The market value of the performance shares to be issued upon their vesting is approximately GBP 0.56 per share. The performance share awards will vest on the third anniversary of the grant date. The number of performance shares to be issued will be determined against two performance measures comprising relative total shareholder return and absolute total shareholder return, weighted at 70% and 30% respectively.

The market value of the restricted shares to be issued upon their vesting is approximately GBP 0.40 per share. The restricted share award will vest on the third anniversary of the grant date. With a view to further aligning interests with shareholders, A. Paul Blakeley elected to receive the restricted share award in lieu of cash with respect to a base salary increase, effective 1 January 2020.

The stock option awards, performance share awards and restricted share awards were granted in accordance with the terms of the Company's stock option plan, performance share plan and restricted share plan respectively, each of which has been approved by the Company's shareholders.

## 37. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures in the financial statements of the Group have been reclassified to conform to the presentation in the current financial period.

These reclassifications were made to better reflect the nature of the expenses in the respective lines in the statement of profit or loss, and the nature of the assets in the respective lines of the statement of financial position.

The reclassification in the statement of cash flows were made to align with the presentation in the current financial period, and in accordance with the audited consolidated financial statements for the year ended December 31, 2019. The changes mainly relate to the reclassification of the movement in inventory from adjustment items to the movement in working capital, the reclassification of lease payments from an investing activity to a financing activity, and the reclassification of the DSRA cash balance from cash and cash equivalents to pick up movements in the DSRA cash balance as an investing activity. Consequently, the restricted cash balance has been excluded from the cash and cash equivalents at the beginning and end of the prior financial period.

The reclassifications impact the following items:

| | As previously reported USD'000 | Reclassification USD'000 | As reclassified USD'000 |
|---|---|---|---|
| **Statement of profit or loss and other comprehensive income for the financial period ended March 31, 2019** | | | |
| Staff costs | (3,778) | (790) | (4,568) |
| Other expenses | (2,867) | 123 | (2,744) |
| Other income | 160 | 143 | 303 |
| Finance costs | (5,071) | 524 | (4,547) |
| **Statement of financial position as at December 31, 2019** | | | |
| Intangible exploration assets | 116,096 | 1,344 | 117,440 |
| Oil and gas properties | 383,018 | (1,344) | 381,674 |
| **Statement of cash flows for the financial period ended March 31, 2019** | | | |
| Depletion, depreciation and amortisation | 21,677 | (11,799) | 9,878 |
| Depreciation of right-of-use assets | - | 2,014 | 2,014 |
| Other finance costs | 3,085 | (546) | 2,539 |
| Interest expense | 1,462 | 546 | 2,008 |
| Oil and gas properties written off | - | 533 | 533 |
| Decrease in trade and other receivables | 19,555 | (3,094) | 16,461 |
| Increase in inventories | (18,650) | 9,785 | (8,865) |
| Decrease in trade and other payables | (7,485) | (658) | (8,143) |
| Interest paid | (1,462) | (1) | (1,463) |
| Tax refunded | - | 3,096 | 3,096 |
| Payment for oil and gas properties | (5,965) | (533) | (6,498) |
| Payment for intangible exploration assets | (1,607) | 657 | (950) |

| | As previously reported USD'000 | Reclassification USD'000 | As reclassified USD'000 |
|---|---|---|---|
| Transfer from debt service reserve account | - | 2,369 | 2,369 |
| Lease payments | (2,419) | 2,419 | - |
| Repayment of borrowings | (15,754) | 1 | (15,753) |
| Repayment of lease liabilities | - | (2,419) | (2,419) |
| Net increase in cash and cash equivalents | 3,139 | 2,370 | 5,509 |
| Cash and cash equivalents at beginning of the period | 71,626 | (18,645) | 52,981 |
| Cash and cash equivalents at end of the period | 74,765 | (16,275) | 58,490 |