Jadestone Energy Inc.

Jadestone Energy Results for the Period Ending June 30, 2019
Record second quarter cash from operations and almost US$100 million cash from operations in the first six months of 2019

August 27, 2019—Singapore: Jadestone Energy Inc. (AIM:JSE, TSXV:JSE) ("Jadestone" or the "Company"), an independent oil and gas production company focused on the Asia Pacific region, reported today its consolidated interim unaudited results, as at and for the three-month and six-month period ended June 30, 2019.

Financial highlights

- Net revenue during the second quarter of US$115.3mm, more than double Q1 2019 and nearly seven times Q2 2018. Net revenue for the six-month period to June 30, 2019 was US$171.7mm compared to US$35.8mm for H1 2018;
- Positive cash generated from operations of US$59.3mm, before changes in working capital, interest and taxes, in Q2 2019, a more than 60% jump on Q1 2019 cash from operations of US$36.7mm, and compared to US$0.1mm for the same quarter a year ago. Cash generated from operations over the six-month period to June 30, 2019 was US$96.4mm compared to a net outflow of US$0.3mm for H1 2018;
- Average price realisations of US$71.70/bbl, an increase of 6% over Q1 2019. Differentials at Montara and Stag continue to improve, with the latest liftings achieving total differentials to Dated Brent of US$4.32/bbl and US$10.60/bbl respectively;
- Operating costs of US$21.74/bbl, excluding non-routine opex, including the Montara riserless light well intervention ("RLWI"), decreased by 9% from the prior quarter of US$23.75/bbl, and down 34% from the same quarter a year ago of US$32.70/boe;
- Quarterly profit after tax of US$22.6mm, nearly a three-fold increase over Q1 2019 profit of US$8.4mm, and versus a loss of US$4.9mm in Q2 2018. Profit after tax for the six-month period to June 30, 2019 was US$30.9mm, compared to a loss of US$21.5mm for H1 2018;
- Gross debt of US$73.4mm, reduced from US$86.6mm at end March 2019, as the Company continues to pay down its reserve-based lending facility; and
- Gross cash and bank balances of US$66.4mm, excluding US$10.0mm cash deposited in support of a bank guarantee, resulting in a net debt position of US$7.0mm. Inclusive of restricted cash, the Company is in a net cash position.

Operational highlights

- Ongoing safe operations at all assets, with the Stag production facility achieving nearly seven years without a lost time injury[1];
- Montara uptime was 82% in Q2[2], down slightly from 85% in Q1 due mainly to weather-related downtime in April, but materially ahead of the same period in 2018;
- Production for the quarter averaged 13,315 bbls/d, decreased 8% from production reported for the March 2019 quarter[3], due to planned downtime associated with commencement of the RLWI programme at Montara and weather, but nearly a four-fold increase over the same period a year ago;
- Achieved three production liftings during the quarter, setting a new record of 1.6mm bbls sold, or a total of 2.3mm bbls for the six-month period to June 30, 2019, which compares to 0.6mm boe for H1 2018;
- Completed drilling the Stag 49H infill well, which targeted 1.2mm bbls of reserves, and was brought on production in late May at a rate of 1,400 bbls/d. 49H is continuing to produce in line with expectations;
- Completed the RLWI programme at Montara. This innovative programme, which would otherwise have required a significantly more expensive rig-based intervention, was completed

on budget in mid-August, with all three accessed wells now contributing to the complex's production;

- Signed a heads of agreement ("HoA") for the Nam Du/U Minh project gas sales and purchase agreement between Petrovietnam and the Company's wholly owned Vietnamese subsidiaries in April, 2019;
- Submitted the environmental impact assessment for the Nam Du/U Minh development project;
- Completed front end engineering design ("FEED") studies for the Nam Du/U Minh development project's offshore facilities and pipelines; and
- Finally, the Company's safety case for the Montara assets was accepted by Australia's offshore safety and environmental regulator, and operatorship of the asset was transferred to Jadestone on August 6, 2019.

Outlook

- Group production in the second half of the year will continue benefitting from the Stag 49H infill well, in addition to the successful RLWI programme at Montara, and continued optimisation of production operations across the business;
- Full year average group production guidance is reconfirmed at 13,500 – 14,500 bbls/d, within the larger range set out in Q1 2019;
- Opex guidance for the full year is maintained at US$21– 24/bbl, reflecting an acceleration in opex reduction initiatives at Montara, following the transfer of operatorship;
- Full year major spend remains on budget with the exception of the first infill well at Montara, where the tightening rig market in Australia will likely push the H6 infill well into H1 2020. This results in a reduction in full year major spend to within a range of US$73-88mm, but does not impact production guidance for this year;
- Award recommendations for the Nam Du/U Minh offshore facilities engineering, procurement, and construction contract and floating production, storage, and offload vessel contract are expected in Q3 2019;
- The Nam Du/U Minh field development plan is scheduled to be submitted to Petrovietnam and the Vietnam Government for approval, in late Q3 2019, leading to anticipated approval and final investment decision by end of 2019, as planned;
- Continuing positive discussions with Pertamina and Indonesian regulators relating to the Company re-establishing an interest in the Ogan Komering asset, with timing driven by Indonesian regulatory processes; and
- With Montara transition completed we are now starting to consider further inorganic opportunities to broaden the base, provide accretive value and grow the business, and subject to the Company's strict evaluation criteria.

[1] Lost time reporting for Montara will commence in Q3, post transfer of operatorship on August 6, 2019
[2] After excluding downtime due to well interventions
[3] Montara production averaged across the period Jan 11, 2019 to Mar 31, 2019, equivalent to Group production of 13,059 bbls/d if averaged across the full 90 days of Q1 2019

Paul Blakeley, President and CEO commented:

"I'm very pleased to report Jadestone's results to June 30, 2019, with record quarterly revenue, profits and cash generation, and providing almost US$100 million cash from operations for the first half of the year. We are building a material business that is strongly cash flow generative, while providing growth through organic investment, both within our existing producing assets in Australia, as well as the new gas developments in Vietnam.

"In Australia, we successfully completed the Stag 49H infill well, which came on production at 1,400 bbls/d in May and continues to produce in line with expectations. At Montara, we completed an innovative subsea well intervention campaign which has successfully restored gas lift to key subsea

wells and accessed additional reservoir sands. Importantly, all work at Montara is now being conducted with Jadestone as operator, following our safety case acceptance earlier this month by Australia's upstream regulator. This is an arduous process in one of the world's most highly regulated regimes and I have absolute confidence in our team's ability to uphold our high standards with regards to health, safety, and environmental stewardship in our operations.

"In addition, we're continuing to make good progress with our gas commercialisation in Vietnam, with acceptance of our environmental impact assessment for the Nam Du/U Minh development, and completion of front end engineering and design work for offshore facilities and pipelines. We're also advancing contracts for major project components and commercial gas sales negotiations, leading towards field development plan submission in late Q3 2019, and continue to work towards formal development sanction later this year.

"Our balance sheet is in excellent shape, with net debt effectively eliminated by mid-year, just nine months since we closed the Montara acquisition with a US$120 million RBL financing arrangement. 2019 is a transformational year for Jadestone and our forecast remains intact for organic cash flow to meet all ongoing re-investment plans, as well as generating distributable earnings for shareholders in the future."

Operations update

Montara

Production at Montara (Jadestone 100%[4], and operator) averaged 10,700 bbls/d for Q2 2019. Operations were affected by an unusually late cyclone season, resulting in weather-related downtime in April, and a partial shutdown of some subsea wells in June during the Company's RLWI campaign.

Jadestone completed the RLWI campaign in mid-August, on budget. The Company expects to deliver 100% of the forecast reserves and production from the campaign, which includes protecting ongoing production by restoring gas lift and accessing additional reservoir sands. Completion of this innovative campaign was a critical milestone toward achieving the Company's production volume guidance for the year.

The Company is preparing to replace the subsea umbilical from the Skua and Swift/Swallow subsea wells to the Montara owned FPSO, anticipated to be complete in Q3 2019. In addition, advanced planning continues for the Company's first infill well at Montara, which will be drilled from an existing slot on the Montara wellhead platform, targeting 1.8mm bbls of unswept oil, with a target initial production rate of 3,000 bbls/d. Jadestone will be prepared to drill the H6 infill well in late 2019 and is actively canvassing the drilling rig market for a suitable jack-up rig to drill the well.

The Company is also progressing its plans to acquire new 3D seismic, to improve reservoir imaging, to more accurately target future infill wells beyond H6 and Skua-12, and to assess further exploration step-out potential. Timing and detailed planning will be influenced by vessel availability in the region.

There were two liftings from Montara in Q2 2019 of a total of 1.4mm bbls.

[4] 99% legal interest in the associated production licenses, subject to regulatory approval and held on trust by the seller.

Stag

Production at Stag (Jadestone 100%, and operator) averaged 2,615 bbls/d in Q2 2019. Production was negatively affected by unplanned downtime due to extreme weather activity in April and several wells requiring workovers over the reporting period, awaiting completion of 49H.

The Stag 49H infill well came on production in May and is contributing in line with expectations. Subsequent to quarter-end, all wells but one have been successfully worked over and production has been restored to approximately 4,000 bbls/d. One crude oil cargo was lifted from Stag in Q2 2019, for total sales of 0.2mm bbls.

Vietnam

The Company continues to make good progress on its Southwest Vietnam gas developments. In April, 2019, two Jadestone subsidiaries signed an HoA with Petrovietnam, relating to gas sales from the Nam Du and U Minh fields (Jadestone 70%[5] working interest, and operator). The HoA establishes key terms including the agreed daily contract quantity of 80mmscf/d, and stipulates other key commercial terms and principles, including a take-or-pay commitment by the buyer, and a plateau production period of 55 months.

The Company submitted its environmental impact assessment for the Nam Du/U Minh gas development in June, a milestone in environmental governance for the project, and a critical step toward achieving formal development sanction. In addition, the Company completed FEED for the offshore facilities and pipelines during Q2 2019.

Jadestone continues to progress tendering for major contracts, in addition to negotiating the remaining commercial terms and in accordance with its signed HoA. The project remains on track for a final investment decision and project sanction by end of 2019.

[5] Jadestone's working interest will increase to 100%, following registration of Petrovietnam's relinquishment of its 30% working interest in block 46/07 and block 51

Financial overview

Results for the quarter reflect a more than doubling of sales volume from 0.7mm bbls in Q1 2019 to 1.6mm bbls in Q2 2019. Meanwhile, realised prices also increased for the quarter, to US$71.70/bbl, an increase of 6% over Q1 2019. The Company reported record revenue of US$115.3mm, versus US$56.4mm in Q1 2019.

Production costs for the quarter were US$39.3mm, versus US$22.7mm in the prior quarter, reflecting an increase in well workover costs associated with the Montara RLWI and other maintenance costs, as well as increased lifting volumes of 1.6mm bbls compared to 0.7mm bbls in Q1 2019. After adjusting for non-routine opex including the Montara RLWI, this equates to US$21.74/bbl[6], versus US$23.75/bbl in Q1 2019, and US$32.70/boe in Q2 2018.

Jadestone generated an adjusted positive EBITDAX of US$75.4mm for the quarter ended June 30, 2019, compared to US$23.7mm for the prior quarter, and US$0.3mm in the same quarter a year ago.

On an unadjusted basis, the Company reported a net profit before tax of US$34.0mm, compared to a net profit before tax of US$10.7mm in the prior quarter and a net loss before tax of US$3.9mm in the same quarter a year ago.

Net cash generated from operations before working capital, interest and tax was US$59.3mm, compared to US$36.7mm cash generated in Q1 2019, and US$0.1mm of cash used in Q2 2018.

Cash used in investing activities in Q2 2019 was US$27.7mm, including work on the Stag 49H infill well and the Montara RLWI campaign. This compares to US$9.8mm used in investing activities in Q1 2019, and US$0.2mm used in investing activities in Q2 2018.

Cash used in financing activities in Q2 2019 was US$11.9mm, which was primarily the result of a scheduled quarterly repayment of the outstanding RBL balance. This compares to cash used in financing of US$15.7mm in Q1 2019, and US$0.3mm used in Q2 2018.

At the end of the quarter, the Company had US$51.9mm cash, plus US$14.5mm of restricted cash, primarily related to its debt service reserve, and a further US$10.0mm of cash in support of a bank guarantee. Net debt was US$7.0mm, excluding the US$10.0mm of cash in support of the bank guarantee.

Additionally, the Company's existing capped swap provides robust support for 2019 cash generation establishing, as it does, a floor benchmark crude oil price of US$71.72/bbl for 50% of planned 2PD production at Montara, before allowing for the realised premium, which in the most recent lifting was US$4.32/bbl above Dated Brent.

[6] This excludes the impact of workovers and repairs and maintenance at Stag given their unpredictable timing, and costs associated with the Montara RLWI which are opex related and will be tracked separately as per 2019 guidance

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 interim financial statements for the period ended June 30, 2019, available on SEDAR and the Company's website at www.jadestone-energy.com/financial-results/.

Quarterly comparison	Jun 2019 quarter	Jun 2018 quarter	Change (%)
Production, mboe[7]	1,211.7	325.9	271.8%
Sales, mboe[7]	1,589.4	270.7	487.1%
Avg realised liquids price, US$/boe[7]	71.70	71.46	0.3%
Sales revenue, US$mm	115.3	17.5	558.9%
Capital expenditure[8], US$mm	23.1	0.3	N/M
Quarterly comparison	**Jun 2019 quarter**	**Mar 2019 quarter**	**Change (%)**
Production, mbbls	1,211.7	1,175.3	3.1%
Sales, mbbls	1,589.4	748.9	112.2%
Avg realised liquids price, US$/bbl	71.70	67.59	6.1%
Sales revenue, US$mm	115.3	56.4	104.4%
Capital expenditure[8], US$mm	23.1	7.7	200.0%
Year-to-date comparison	**H1 2019**	**H1 2018**	**Change (%)**
Production, mboe[7]	2,387.0	695.0	243.5%
Sales, mboe[7]	2,338.2	603.7	287.3%
Avg realised liquids price, US$/boe[7]	70.39	65.15	8.0%
Sales revenue, US$mm	171.7	35.8	379.6%
Captial expenditure[8], US$mm	30.8	0.8	N/M

[7] Production, sales volume and average realised prices are expressed on a barrels of oil equivalent basis as the underlying data includes gas production from Ogan Komering for the prevailing period based on Jadestone's 50% participating interest up until May 19, 2018
[8] Payment for oil and gas property, plant and equipment and intangible exploration assets. Excludes acquisition related capital expenditure and lease payments that under *IFRS16* are included in cash used in investing activities

Conference call and webcast

The management team will host an investor and analyst conference call at 9:00 p.m. (Singapore), 2:00 p.m. (London), and 9:00 a.m. (Toronto) on the same day, Tuesday, August 27, 2019, 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 June 30, 2019 will be available on the Company's website at: www.jadestone-energy.com/investor-relations/.

Webcast link: https://event.on24.com/wcc/r/2052870/9B39318BD0B3417B45159AC8001E593E
Event conference title: Jadestone Energy Inc. - Second Quarter Results
Start time: 9:00 p.m. (Singapore), 2:00 p.m. (London), 9:00 a.m. (Toronto)

Date: Tuesday, August 27, 2019
Confirmation ID: 66806740

Country	Dial-In Numbers
Australia	1800076068
Canada (Toronto)	416 764 8609
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
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.

— Ends —

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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 Stag, offshore Australia, and a 100% legal and beneficial interest in the Montara assets, and a 99% legal, subject to regulatory approval, beneficial right, title, and interest in the associated production licences AC/L7 and AC/L8 (the "Montara Titles"). The remaining 1% legal interest in the Montara Titles is being held on trust by the seller, in favour of the Company, until Australian regulatory approvals relating to the transfer of operatorship of the Montara assets are obtained. Both the Stag and Montara assets include oil producing fields, with further development and exploration potential. The Company has a 100% operated working interest (subject to registration of PVEP's withdrawal) 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.

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 throughout the Asia- Pacific region.

Jadestone Energy Inc. is currently listed on the TSXV and AIM. 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 target reserves volumes, production forecasts, cost projections, timing and results of exploration and development activities on both Stag and Montara, timing and results of the Montara replacement of subsea umbilical, expected costs, commodity prices and timing of the gas sales agreement for Nam Du and U Minh.

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. This announcement contains inside information 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 that Regulation.

The technical information contained in this announcement has been prepared in accordance with the March 2007 guidelines endorsed by the Society of Petroleum Engineers, World Petroleum Congress, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers Petroleum Resource Management System.

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 17 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Glossary

2PD	proved and probable developed reserves
bbls	barrels of oil
bbls/d	barrels of oil per day
boe	barrels of oil equivalent
EBITDAX	earnings before interest, tax, depreciation, amortisation and exploration expenses
FPSO	floating production, storage and offloading vessel
mbbl	thousands of barrels of oil
mboe	thousands of barrels of oil equivalent
mm bbls	millions of barrels of oil
mmscf/d	millions of standard cubic feet per day
PVEP	Petrovietnam Exploration Production Corporation

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three and six months ended June 30, 2019

	Notes	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Consolidated statement of profit or loss					
Revenue	4	115,341	17,496	171,707	35,783
Production costs	5	(39,337)	(10,657)	(62,057)	(23,465)
Depletion, depreciation and amortisation	7	(33,222)	(2,264)	(45,114)	(5,064)
Staff costs		(5,112)	(3,780)	(8,890)	(6,805)
Other expenses	8	(2,171)	(2,952)	(5,037)	(5,397)
Impairment of assets	9	-	-	-	(11,902)
Other income	10	1,939	154	2,098	166
Finance costs	11	(4,944)	(1,863)	(10,016)	(3,077)
Other financial gains	12	1,458	-	1,936	-
Profit/(loss) before tax		**33,952**	**(3,866)**	**44,627**	**(19,761)**
Income tax expense	13	(11,368)	(1,046)	(13,683)	(1,742)
Profit/(loss) for the period		**22,584**	**(4,912)**	**30,944**	**(21,503)**
Profit/(loss) per ordinary share					
Basic and diluted (US$)	14	**0.05**	**(0.02)**	**0.07**	**(0.10)**
Consolidated statement of comprehensive income					
Profit/(loss) for the period		22,584	(4,912)	30,944	(21,503)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Gain/(loss) on unrealised cash flow hedges	23	3,105	(3,933)	(29,691)	(4,916)
Hedging gain reclassified to profit or loss	23	(1,376)	-	(7,128)	-
		1,729	**(3,933)**	**(36,819)**	**(4,916)**
Tax income/(expense) relating to components of other comprehensive income	13,23	(519)	1,180	11,046	1,475
Other comprehensive income/(loss)		**1,210**	**(2,753)**	**(25,773)**	**(3,441)**
Total comprehensive income/(loss) for the period		**23,794**	**(7,665)**	**5,171**	**(24,944)**

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	Notes	June 30, 2019 USD'000	December 31, 2018 USD'000
ASSETS			
Non-current assets			
Intangible exploration assets	15	99,894	95,607
Oil and gas properties	16	419,616	415,365
Plant and equipment	17	1,884	1,709
Right of use assets	18	69,303	-
Derivative financial instruments	30	2,738	15,339
Restricted cash	21	18,493	23,561
Deferred tax assets	13	21,198	21,287
		633,126	**572,868**
Current assets			
Inventories	19	32,257	29,831
Trade and other receivables	20	68,113	32,800
Derivative financial instruments	30	11,251	35,985
Restricted cash	21	6,006	5,083
Cash and cash equivalents	21	51,880	52,981
		169,507	**156,680**
TOTAL ASSETS		**802,633**	**729,548**
EQUITY AND LIABILITIES			
Equity			
Share capital	22	466,573	466,562
Share based payments reserve	24	23,066	22,375
Hedging reserves	23	9,707	35,480
Accumulated losses		(278,212)	(309,156)
		221,134	**215,261**
Non-current liabilities			
Provision for asset restoration obligations	25	299,069	277,697
Borrowings	28	25,277	49,420
Lease liability	27	50,929	-
Other payables	26	6,703	10,351
Deferred tax liabilities	13	72,339	92,468
		454,317	**429,936**
Current liabilities			
Borrowings	28	48,124	52,393
Lease liability	27	19,430	-
Trade and other payables	29	30,130	30,674
Provision for taxation	13	29,498	1,284
		127,182	**84,351**
Total liabilities		**581,499**	**514,287**
TOTAL EQUITY AND LIABILITIES		**802,633**	**729,548**

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

CONDENSED CONSOLIDATED STATEMENT OF EQUITY
for the three and six months ended June 30, 2019

	Share capital USD'000	Share based payments reserve USD'000	Hedging reserves USD'000	Accumulated losses USD'000	Total USD'000
At January 1, 2018	364,466	21,855	-	(278,123)	108,198
Loss for the period, representing total comprehensive loss	-	-	-	(21,503)	(21,503)
Other comprehensive income for the period	-	-	(3,441)	-	(3,441)
Total comprehensive loss for the period	-	-	(3,441)	(21,503)	(24,944)
Share-based compensation, representing transaction with owners, recognised directly in equity	-	273	-	-	273
At June 30, 2018	**364,466**	**22,128**	**(3,441)**	**(299,626)**	**83,527**
At January 1, 2019	466,562	22,375	35,480	(309,156)	215,261
Profit for the period, representing total comprehensive profit	-	-	-	30,944	30,944
Other comprehensive loss for the period	-	-	(25,773)	-	(25,773)
Total comprehensive income/(loss) for the period	-	-	(25,773)	30,944	5,171
Shares issued	11	-	-	-	11
Share-based compensation, representing transaction with owners, recognised directly in equity	-	691	-	-	691
At June 30, 2019	**466,573**	**23,066**	**9,707**	**(278,212)**	**221,134**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three and six months ended June 30, 2019

	Notes	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Operating activities					
Profit/(loss) before tax		33,952	(3,866)	44,627	(19,761)
Adjustments for					
-Interest income	10	(275)	(32)	(578)	(66)
-Loss on ineffective hedge recycled to profit or loss		70	-	514	-
-Interest expense	11	1,285	-	2,747	-
-Other finance costs	11	1,843	1,674	5,289	2,468
-Unrealised foreign exchange gain	10	(96)	(73)	(93)	(175)
-Change in fair value of contingent payments	12	(1,458)	-	(1,936)	-
-Depletion, depreciation and amortisation	7	23,436	2,264	45,113	5,064
-Share based payments		573	127	691	273
-Impairment of intangible exploration assets		-	-	-	11,902
		59,330	94	96,374	(295)
Changes in working capital					
-(Increase)/decrease in trade and other receivables		(55,574)	43	(36,013)	1,181
-(Increase)/decrease in inventories		17,602	(2,288)	(1,049)	(4,007)
-Increase /(decrease) in trade and other payables		6,697	99	(1,130)	1,664
Cash generated from operations		**28,055**	**(2,052)**	**58,182**	**(1,457)**
Interest paid	11	(1,285)	-	(2,747)	-
Tax (paid)/refund		6,243	(531)	6,243	(1,049)
Net cash generated from operating activities		**33,013**	**(2,583)**	**61,678**	**(2,506)**
Investing activities					
Payment for oil and gas properties		(20,113)	(182)	(26,078)	(389)
Net payment for plant and equipment		(276)	13	(370)	11
Payment for intangible exploration assets		(2,680)	(69)	(4,287)	(358)
Lease payments	27	(4,952)	-	(7,372)	-
Interest received		275	32	578	66
Net cash used in investing activities		**(27,746)**	**(206)**	**(37,529)**	**(670)**
Financing activities					
Proceeds from issuance of shares		-	-	11	-
Repayment of borrowings		(13,653)	(276)	(29,406)	(645)
Restricted cash transfers		1,776	-	4,145	-
Payment of bond facility and stand-by fees		-	(32)	-	(64)
Net cash used in financing activities		**(11,877)**	**(308)**	**(25,250)**	**(709)**
Net decrease in cash and cash equivalents		**(6,610)**	**(3,097)**	**(1,101)**	**(3,885)**
Cash and cash equivalents at start of the period		**58,490**	**9,662**	**52,981**	**10,450**
Cash and cash equivalents at end of the period	21	**51,880**	**6,565**	**51,880**	**6,565**

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the three and six months ended June 30, 2019

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 the TSX Ventures Exchange ("TSX-V") and the London AIM market. The Company trades on both markets under the symbol "JSE".

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 Carnarvon and Vulcan basins, offshore Western Australia.

During the comparative periods for the three and six months ended June 30, 2018, the Company had a participating interest in the Ogan Komering PSC in Indonesia. The terms of the PSC expired in May 19, 2018, after which the Company no longer held an interest in the PSC.

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, 2018.

These Financial Statements were approved for issuance by the Company's Board of Directors on August 27, 2019 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, 2019.

- *IFRS 16 Leases.*

IFRS 16 Leases
General impact of application of *IFRS 16 Leases*

The Group, for the first time, has applied *IFRS 16 Leases* (as issued by the IASB in January 2016) as at January 1, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting, by removing the distinction between operating and finance lease. *IFRS 16* requires the recognition of a right of use asset and a lease liability, at commencement for all leases, except for short-term leases and leases of low value assets. Details of the new requirements are described in note 18, right of use assets. The impact of the adoption of *IFRS 16* on the Group's consolidated financial statements is described below.

The Group has applied *IFRS 16* using the *"modified retrospective"* approach, and has elected not to restate comparatives.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to *IFRS 16* not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with *IAS 17* and *IFRIC 4* will continue to be applied to those leases entered or modified before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. *IFRS 16* determines whether a contract contains a lease, on the basis of whether the customer has the right to control the use of an identified asset for a period of time, in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in *IFRS 16* to all lease contracts entered into or modified on, or after, January 1, 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of *IFRS 16*, the Group has carried out an implementation project. The project has shown that the new definition in *IFRS 16* will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on lessee accounting

On adoption, *IFRS 16* changed how the Group accounts for leases previously classified as operating leases. The impact to the Group accounts are:

- Recognises right of use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;

- Recognises depreciation of right of use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Under *IFRS 16*, right of use assets are tested for impairment in accordance with *IAS 36 Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

Financial impact of initial application of *IFRS 16*

The recognition of the present value of the minimum lease payments resulted in an additional US$38.0 million (note 18) of right of use assets and associated lease liabilities. The Company has recognised the lease liabilities in relation to lease arrangements, previously disclosed as operating lease commitments under *IAS 17*, that meet the criteria of a lease under *IFRS 16*.

Upon recognition, the Company's weighted average incremental borrowing rate used in measuring lease liabilities was 6% percent.

The nature of the Company's leasing activities includes vessels, helicopters, buildings and the Stag FSO, all of which are used in producing and storage of hydrocarbons where the Company has a right to substantially all of the economic benefits.

The Company's lease contracts may contain termination, renewal, and/or purchase options, residual value guarantees, or a combination thereof, all of which are evaluated by the Company on a quarterly basis. The Company accounts for such contract options when the Company is reasonably certain that it will exercise one of these options.

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

The Group has not applied the following new and revised relevant IFRS that have been issued, but not yet effective:

- Amendments to *IFRS 3 Business Combinations*.

The amendments are effective for annual periods beginning on, or after, January 1, 2020, and generally require prospective application. The Group is currently performing an assessment of the standard, and does not anticipate a material impact on the financial statements of the Group in future periods, with the exception of the item listed below.

Amendments to *IFRS 3 Business Combinations*

The definition of a business has been amended under *IFRS 3*, on October 22, 2018, clarifying that to be considered a business, rather than an asset sale or purchase, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term outputs is narrowed to focus on goods and services provided to customers, generating investment income and other returns. The amended definition will be applied to reporting period's beginning on, or after, January 1, 2020 prospectively.

4. REVENUE

The Group derives its revenue from contracts with customers for the sale of oil and gas products. Revenue is presented in the consolidated statement of profit or loss, net of royalties.

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Liquids revenue – after hedging				
Montara	100,455	-	145,377	-
Stag	14,886	14,523	26,330	28,608
Ogan Komering	-	2,812	-	7,965
Gas revenue				
Ogan Komering	-	998	-	2,759
	115,341	**18,333**	**171,707**	**39,332**
Royalties	-	(837)	-	(3,549)
Total revenue derived from contracts with customers	**115,341**	**17,496**	**171,707**	**35,783**

All royalties included in the comparative period ended June 30, 2018, relate to production entitlement in Indonesia. The Ogan Komering PSC expired on May 19, 2018, and hence no revenue or royalties arose in the current period.

5. PRODUCTION COSTS

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Operating costs	12,996	8,385	28,491	17,075
Workovers	7,131	2,106	10,278	5,536
Logistics	3,967	1,090	12,031	2,345
Repairs and maintenance	6,731	1,214	11,219	1,979
Movement in inventory	8,512	(2,138)	38	(3,470)
	39,337	**10,657**	**62,057**	**23,465**

6. ACQUISITION OF MONTARA ASSETS

On September 28, 2018 (the "acquisition date"), Jadestone Energy (Eagle) Ltd, a wholly owned subsidiary of the Company, closed the acquisition of the Montara Assets, obtaining control and 100% of the legal ownership from PTTEP Australasia (Ashmore Cartier) Pty Ltd ("PTTEP Australia"), apart from interest in the associated licenses. The Company received 99% interest in the Montara titles on May 30, 2019, and following transfer of the Montara operatorship to Jadestone on August 6, 2019, the Company has now requested transfer of the final 1%.

6.1 Fair value of consideration transferred

The consideration for the Montara Assets on the acquisition date comprised a cash payment of US$133.1 million, as set out below.

	USD'000
Asset purchase price	195,000
Crude inventory value	6,657
Capital charge	6,982
Net income adjustment (from January 1, 2018 to the date of acquisition)	(75,547)
Cash payment on acquisition date	**133,092**

In addition to the upfront cash consideration set out above, there are deferred contingent payments payable, depending on the outcome of a number of trigger events. The trigger events relate to future Dated Brent prices in 2019 and 2020, production from the infill well drilling scheduled for 2019, and any future final investment decision for developments with significant 2P reserves. The Group has reviewed all the contingent payment trigger events and recognised the following two potential payments, based on current and future anticipated potential prices of Dated Brent crude oil.

- Annual average Dated Brent crude price exceeding US$80/bbl in 2019: US$20.0 million; and

- Annual average Dated Brent crude price exceeding US$80/bbl in 2020: US$10.0 million.

Management has assessed the fair value of the above deferred contingent consideration using a Monte Carlo option simulation model, which considered inputs such as spot Dated Brent oil prices at the completion date, the prevailing risk-free rate, volatility of oil prices, and the period of time over which the contingent payment will apply. At the date of acquisition, the Company recognised a fair value of US$15.8 million for the two contingent payments. This amount was reduced to US$3.8 million at December 31, 2018, and at June 30, 2019 the revised fair value is US$1.8 million (Note 26).

The maintenance and inspection shutdown that occurred at Montara between November 1, 2018 to January 11, 2019, resulted in a deferral of production and revenue during that period of time, as well as an increase in costs due to overheads still being incurred and additional maintenance and inspection work required to rectify the safety issues. As a result, on January 7, 2019, PTTEP Australia and the Group agreed that PTTEP Australia would fund cash calls capped at US$22.0 million. Management believes that the shutdown was a result of facts and circumstances that existed as at the acquisition date. As such, the US$22.0 million has been adjusted against the consideration transferred for the Montara Assets.

Since the date of acquisition, the Company has been reviewing the fair value of the assets and liabilities acquired in accordance with *IFRS 3 Business Combinations*. This assessment has resulted in the restatements below.

	June 30, 2019 USD'000	**Restatement USD'000**	**December 31,2018 USD'000**
Asset purchase price	195,000	-	195,000
Crude inventory value	6,657	-	6,657
Capital charge	6,982	-	6,982
Net income adjustment	(75,547)	-	(75,547)
Cash payment on acquisition date	**133,092**	**-**	**133,092**
Deferred contingent consideration	15,805	-	15,805
Prepaid asset for future cash calls	(22,000)	-	(22,000)
Working capital adjustment	1,816	819	997
Total fair value consideration on acquisition date	**128,713**	**819**	**127,894**

6.2 Assets acquired and liabilities assumed at the date of acquisition

The fair value assessment of the Montara identifiable assets and liabilities, acquired as at the date of acquisition, have been reviewed in accordance with *IFRS 3 Business Combinations*. The provisional fair value of the identifiable assets and liabilities of Montara, as at the acquisition date, were:

	June 30, 2019 USD'000	**Restatement USD'000**	**December 31, 2018 USD'000**
Assets			
Non-current assets			
Oil & gas properties	354,625	819	353,806
Current assets			
Inventory – oil	17,195	-	17,195
Inventory – materials	18,178	-	18,178
Prepayments	4,917	-	4,917
Total assets	**394,915**	**819**	**394,096**

	June 30, 2019 USD'000	Restatement USD'000	December 31, 2018 USD'000
Liabilities			
Current liabilities			
Trade and other payables	(4,314)	-	(4,314)
Non-current liabilities			
Provision for asset restoration obligations	(183,020)	-	(183,020)
Deferred tax liabilities	(78,437)	-	(78,437)
Other provisions	(431)		(431)
Total liabilities	(266,202)	-	(266,202)
Net identifiable assets acquired	**128,713**	**819**	**127,894**

The provisional values continue to be assessed and as a result, their final values and associated calculations, which include the tax effects, may be different from the provisional determination. Pursuant to *IFRS 3*, the review of the fair values as at September 28, 2018 of the assets and liabilities acquired, will be completed within 12 months of the acquisition date.

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

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Depletion, depreciation and amortisation				
Montara	18,097	-	36,136	-
Stag	2,248	2,166	3,778	4,210
Ogan Komering	-	-	-	657
	20,345	2,166	39,914	4,867
Depreciation of plant and equipment (Note 17)	100	98	195	197
Right of use assets (Note 18)	4,368	-	6,382	-
Movement in inventory	8,409	-	(1,377)	-
	33,222	**2,264**	**45,114**	**5,064**

The Ogan Komering DD&A charge is based on a units of production basis, during the comparable period. The PSC expired on May 19, 2018, and the Group no longer holds an interest in the PSC.

The right of use assets relate predominately to operating leases previously included in production costs. Since the implementation of *IFRS 16 Leases*, these expenses are now recognised as right of use assets, and are capitalised and depreciated over the life of the lease.

8. OTHER EXPENSES

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Professional fees/consultancies	1,148	1,110	2,615	2,009
Office costs	462	269	959	882
Travel and entertainment	134	14	271	331
Other expenses	427	1,559	1,192	2,175
	2,171	**2,952**	**5,037**	**5,397**

9. IMPAIRMENT OF ASSETS

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Impairment of intangible exploration assets	-	-	-	**11,902**

The impairment booked in the comparable period relates to the relinquishment of deepwater Block 127 in Vietnam.

10. OTHER INCOME

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Interest income	275	66	578	66
Net foreign exchange gain	219	44	75	44
Miscellaneous income (Note 26)	1,445	44	1,445	56
	1,939	**154**	**2,098**	**166**

Miscellaneous income for the six and three months ended June 30, 2019 of US$1.4 million arises from a reduction in estimated Stag FSO redundancy payments.

11. FINANCE COSTS

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Interest	1,285	280	2,747	558
Accretion – asset retirement obligations (Note 25)	1,516	346	3,286	524
Accretion – lease payments (Note 27)	1,277	-	2,046	-
Accretion – RBL (Note 28)	448	-	994	-
Fair value loss on derivative liability – convertible bond	-	982	-	1,293
Accretion – convertible bond	-	285	-	560
Facility fees – convertible bond	-	-	-	64
Other finance costs	418	(30)	943	78
	4,944	**1,863**	**10,016**	**3,077**

During the current reporting period, the Company paid interest of US$1.3 million (2018: US$0.3 million) related to the reserve based loan ("RBL"), which was drawn down in Q3 2018. The comparable quarter interest paid relates to the convertible bond, which was repaid in August 2018.

The lease accretion reflects the finance charge on operating leases due to the adoption of *IFRS 16*; previously lease payments were treated as a production cost.

12. OTHER FINANCIAL GAINS/(LOSS)

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Change in provisions – contingent payments (Note 6)	**(1,458)**	**-**	**(1,936)**	**-**

13. INCOME TAX (EXPENSE)/CREDIT

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Current tax				
Corporate tax	18,143	468	28,214	784
Petroleum resource rent tax (PRRT)	(2,442)	-	(5,536)	-
	15,701	**468**	**22,678**	**784**

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Deferred tax				
Corporate tax	(4,182)	389	(9,409)	497
Petroleum resource rent tax (PRRT)	(151)	189	414	461
	(4,333)	**578**	**(8,995)**	**958**
Total tax charge for the period	**11,368**	**1,046**	**13,683**	**1,742**

The Company is a resident in the Province of British Columbia and pays no Canadian tax; the Group has no operating business in Canada. Subsidiary companies are resident for tax purposes in the territories in which they operate.

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 Indonesian corporate income tax rate is applied at 35%, and branch profits tax is applied at 20%.

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

INCOME TAX RECONCILIATION

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Profit/(loss) before tax on continuing operations	**33,952**	**(3,865)**	**44,627**	**(19,761)**
Tax expense/(credit) calculated at the domestic tax rates applicable to the profit/(loss) in the respective countries (Canada 27%, Australia 30%, Indonesia 48% and Singapore 17%)	10,731	(407)	14,113	(2,856)
Effect of non-deductible tax expense	2,577	1,813	4,646	4,135
Others	653	(552)	46	-
Tax expense for the period	**13,961**	**854**	**18,805**	**1,279**

PRRT TAX RECONCILIATION

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Profit/(loss) before tax on continuing operations	**33,952**	**(3,864)**	**44,627**	**(19,761)**
Add back losses from operations before tax for activities outside of Australia	1,818	3,165	6,391	17,576
Non PRRT assessable profits	(11,976)	2,057	(16,673)	5,477
Profit before taxation for activities in Australia	23,794	1,358	34,345	3,292
PRRT expense calculated at 28%	6,662	380	9,616	922
Utilisation of PRRT credits	(9,120)	(411)	(14,846)	(856)
Other	(135)	220	107	395
Tax expense/(credit) for the period	**(2,593)**	**189**	**(5,123)**	**461**

DEFERRED TAX INCOME STATEMENT RECONCILIATION

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Income tax				
Timing differences	(3,621)	(360)	(14,674)	(422)
Hedging – unrealised loss	(386)	258	(154)	-
Prepayments	(220)	-	(439)	-
Losses	-	490	5,812	919
Other	45	-	46	-
	(4,182)	**389**	**(9,409)**	**496**
PRRT				
Unused tax credits	(286)	411	521	856
Provisions	135	(221)	(107)	(395)
	(150)	190	414	461
	(4,332)	**578**	**(8,995)**	**958**

The above movement in deferred PRRT credits relates to Stag. The Group has unused PRRT tax credits of approximately US$2.9 billion available for offset against future PRRT taxable profits generated from the Montara field. No deferred tax asset is recognised, in respect of the Montara PRRT credits, pursuant to *IAS12* and LIFO principles, as future augmentation of existing PRRT credits is expected to more than offset any future PRRT tax otherwise due.

DEFERRED TAX BALANCE SHEET RECONCILIATION

	June 30, 2019 USD'000	December 31, 2018 USD'000
Current tax		
Corporation tax on fixed asset timing differences	(66,065)	(75,473)
PRRT tax on fixed asset timing differences	19,084	19,498
	(46,981)	**(55,975)**
Other comprehensive income – deferred tax		
Income tax related to carrying amount of hedged item	(4,160)	(15,206)
	(51,141)	**(71,181)**

The deferred tax balances in the statement of financial position are based on the following split.

	June 30, 2019 USD'000	December 31, 2018 USD'000
Deferred tax liabilities	(72,339)	(92,468)
Deferred tax assets	21,198	21,287
	(51,141)	**(71,181)**

14. PROFIT/(LOSS) PER ORDINARY SHARE

The calculation of the basic and diluted profit/(loss) per share is based on the following data

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Profit/(loss) for the purposes of basic and diluted per share, being the net profit/(loss) for the quarter attributable to equity holders of the Company	**22,584**	**(4,912)**	**30,944**	**(21,503)**

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	461,042,811	221,298,004	461,038,759	221,298,004
Effect of dilutive potential ordinary shares				
– Share options	2,531,524	-	1,763,991	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**461,045,343**	**221,298,004**	**462,802,750**	**221,298,004**

Earnings per share (US$)

	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
– Basic	**0.05**	**(0.02)**	**0.07**	**(0.10)**
– Diluted	**0.05**	**(0.02)**	**0.07**	**(0.10)**

The calculation of diluted earnings per share for the six months ended June 30, 2019 includes 1,763,991 of weighted average dilutive ordinary shares available for exercise from in-the-money vested options (six months ended June 30, 2018: 119,137 of weighted average potential ordinary shares available for exercise from in-the-money vested options are excluded as they are non-dilutive given the Group's loss from operations). Additionally, 607,821 of weighted average potential ordinary shares available for exercise are excluded as they are out-of-the-money (six months ended June 30, 2018: 485,116).

The calculation of diluted earnings per share for the three months ended June 30, 2019 includes 2,531,524 of weighted average dilutive ordinary shares available for exercise from in-the-money vested options (three months ended June 30, 2018: 239,737 of weighted average potential ordinary shares available for exercise from in-the-money vested options are excluded as they are non-dilutive given the Group's loss from operations). Additionally, 607,821 of weighted average potential ordinary shares available for exercise are excluded as they are out-of-the-money (three months ended June 30, 2018: 561,065).

Additionally, the calculation of diluted earnings per share for the six months ended June 30, 2018 excludes 65,074,378 and for the three months ended June 30, 2018 excludes 61,865,100 respectively, of weighted average potential ordinary shares eligible for conversion under the secured convertible bond as they are non-dilutive, given the interest and other costs on the bond per share exceed basic loss per share in each respective reporting period. The secured convertible bond was fully repaid on August 15, 2018.

15. INTANGIBLE EXPLORATION ASSETS

	Total USD'000
Cost	
At January 1, 2019	95,607
Additions	4,287
Disposal of exploration assets	-
At June 30, 2019	**99,894**
Net book value	
At December 31, 2018	**95,607**
At June 30, 2019	**99,894**

Exploration additions for the period were US$4.3 million (December 31, 2018: US$1.8 million), predominantly related to activities on the Nam Du and U Minh assets in Vietnam.

16. OIL AND GAS PROPERTIES

	Total USD'000
Cost	
At January 1, 2019	442,990
Changes in asset restoration obligations (Note 25)	18,086
Additions	26,078
At June 30, 2019	**487,154**
Accumulated depletion and amortisation	
At January 1, 2019	(27,625)
Depletion and amortisation for the quarter (Note 7)	(39,913)
At June 30, 2019	**(67,538)**
Net book value	
At December 31, 2018	**415,365**
At June 30, 2019	**419,616**

17. PLANT AND EQUIPMENT

	At January 1, 2019 USD'000	Additions USD'000	Impairment & disposals USD'000	At June 30, 2019 USD'000
Cost				
Computer equipment	2,372	362	-	2,734
Fixtures and fittings	1,269	12	(4)	1,277
Total	**3,641**	**374**	**(4)**	**4,012**
Accumulated depreciation				
Computer equipment	991	163	-	1,154
Fixtures and fittings	941	32	-	973
Total	**1,932**	**195**	**-**	**2,127**
Carrying amount	**1,709**			**1,884**

18. RIGHT OF USE ASSETS

The Group leases several assets including an FSO, helicopters, and buildings, among others. The leases are under fixed terms of between 12 months to 6 years.

	Production assets USD'000	Transportation and logistics USD'000	Other USD'000	Total USD'000
January 1, 2019				
Initial recognition	30,226	4,893	2,901	38,020
Total	**30,226**	**4,893**	**2,901**	**38,020**
Additions	-	37,664	-	37,664
Depreciation	(3,058)	(3,126)	(199)	(6,382)
June 30, 2019	**27,168**	**39,432**	**2,702**	**69,303**

Right of use additions predominately relates to a helicopter transportation contract that has been recognised as a lease. The contract has an undiscounted commitment of US$42.4 million over four years, and results in a discounted right of use asset and lease liability (Note 27) of $37.7 million upon initial recognition.

19. INVENTORIES

	June 30, 2019 USD'000	December 31, 2018 USD'000
Materials and spares	23,886	22,964
Crude oil inventory	8,371	6,867
	32,257	**29,831**

20. TRADE AND OTHER RECEIVABLES

	June 30, 2019 USD'000	December 31, 2018 USD'000
Trade receivables	50,222	57
Prepayments	14,093	26,831
Other receivables and deposits	2,513	4,857
PRRT receivables (Note 13)	-	700
GST/VAT receivables	1,284	355
	68,113	**32,800**

Trade receivables increased to US$50.2 million due to the latest Montara lifting being finalised on June 30, 2019. The receivable was settled on July 31, 2019. Prepayments includes US$12.4 million of cash held by PTTEP under the transitional operational arrangements for Montara until transfer of operatorship which subsequently occurred on August 6, 2019.

21. CASH AND BANK BALANCES

	June 30, 2019 USD'000	December 31, 2018 USD'000
Current assets		
Cash and bank balances	57,886	58,064
Less: restricted cash	(6,006)	(5,083)
Cash and cash equivalents	51,880	52,981
Non-current assets		
Cash and bank balances	18,493	23,561
Less: restricted cash	(18,493)	(23,561)
Cash and cash equivalents	-	-
Cash and cash equivalents in the statement of cash flows	**51,880**	**52,981**

The restricted cash balance includes US$14.5 million of cash held in a debt service reserve account related to the RBL facility. The current balance of restricted cash of US$6.0 million represents principal and interest that will be released over the next 12 months, with the remainder included in the non-current balance and to be released later in 2020 and in 2021.

The Group retains US$10.0 million (December 31, 2018: US$10.0 million) in support of a bank guarantee to a key supplier in respect of Stag's FSO vessel. This deposit is kept in a specific bank account that has in place certain restrictions that does not allow for the cash to be used for normal operations.

22. SHARE CAPITAL

Authorised share capital

Unlimited number of ordinary voting shares with no par value.

	No. of shares	USD'000
Issued and fully paid		
As at January 1, 2019	**461,009,478**	**466,562**
Issued during the period	33,333	11
As at June 30, 2019	**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.

During the six months ended June 30, 2019, employee share options of 33,333 were exercised and issued at a price of CAD 0.47 per share.

23. HEDGING RESERVES

	Total USD'000
As at January 1, 2019	**(35,480)**
Loss arising on changes in fair value of hedging instruments during the quarter	29,691
Income tax related to gain recognised in other comprehensive income	(11,046)
Gain reclassified to profit or loss	7,128
Income tax related to amounts reclassified to profit or loss	-
As at June 30, 2019	**(9,707)**

There was no hedging reserve, or movement, in the comparative period ended June 30, 2018.

24. SHARE BASED PAYMENTS RESERVE

The total expense arising from share based payments recognised for the six months ended June 30, 2019 was US$0.7 million (June 30, 2018: US$0.3 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			
	March 29, 2019	July 29, 2018	March 29, 2018	December 10, 2017
Risk-free rate	1.46% to 1.47%	2.23% to 2.26%	1.99% to 2.04%	1.68% to 1.72%
Expected life	5.5 to 6.5 years	5.5 to 6.5 years	5.5 to 6.5 years	5.5 to 6.5 years
Expected volatility	42.3% to 39.9%	44.7% to 43.2%	43.1% to 44.1%	43.2% to 43.9%
Share price	C$0.85	C$0.61	C$0.43	C$0.42
Exercise price	C$0.85	C$0.61	C$0.50	C$0.45
Expected dividends	Nil	Nil	Nil	Nil

The following table summarises the share options outstanding and exercisable as at June 30, 2019:

	Share options			
	Number of options	Weighted average exercise price, C$	Weighted average remaining contract life	Number of options exercisable
As at January 1, 2019	**12,132,821**	**0.56**	**8.52**	**3,232,809**
Vested during the period		0.48	7.97	3,216,652
Exercised during the period	(33,333)	0.47	-	(33,333)
Cancelled during the period	(306,667)	0.48	-	(113,333)
New options granted	8,000,000	0.85	9.75	-
As at June 30, 2019	**19,792,821**	**0.68**	**8.71**	**6,302,795**

25. PROVISION FOR ASSET RESTORATION OBLIGATIONS

	June 30, 2019 USD'000	December 31, 2018 USD'000
Non-current assets		
January 1,	**277,697**	**84,728**
Acquisition of Montara	-	183,020
Accretion expense	3,286	3,632
Changes in discount rate and FX assumptions	18,086	6,353
Other	-	(36)
June 30, and December 31,	**299,069**	**277,697**

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

In accordance with IAS37, the carrying value of the ARO provision comprises the discounted present value of the estimated future costs. The present value of the future estimated ARO costs for each of the Stag and Montara assets, has been calculated based on blended risk free rates of 1.65% and 1.80% respectively (December 31, 2018: Stag – 2.49%, Montara – 2.58%).

Management expects decommissioning expenditures to be incurred from 2032 onwards.

26. OTHER PAYABLES

	June 30, 2019 USD'000	December 31, 2018 USD'000
Stag FSO redundancy payments (Note 10)	5,233	6,603
Montara contingent payments (Notes 6, 29 & 34)	1,470	3,748
	6,703	**10,351**

27. LEASE LIABILITIES

Statement of financial position	**June 30, 2019**
Current lease liabilities	19,430
Non-current lease liabilities	50,929
	70,359
Reconciliation to operating lease commitments	
Operating leases included in commitments as at December 31, 2018	44,447
Discounting	(6,427)
Additional lease liabilities recognised on January 1, 2019 due to the adoption of *IFRS 16*	**38,020**

Statement of profit or loss	**Six months ended June 30, 2019**
Interest expense on lease liabilities	722
Expense relating to short term leases	1,324
Accretion lease payment (Note 11)	**2,046**

Statement of cashflows	**Six months ended June 30, 2019**
Total cash flow used for leases	7,372

28. **BORROWINGS**

	June 30, 2019 USD'000	December 31, 2018 USD'000
Non-current secured borrowings		
Reserve based lending facility	25,277	49,420
	25,277	**49,420**
Current secured borrowings		
Reserve based lending facility	48,124	51,114
Current unsecured borrowings		
Other	-	1,279
	48,124	**52,393**

On August 2, 2018, the Company entered into an RBL agreement to borrow US$120.0 million to partly fund the Montara acquisition (Note 6). The loan is secured against the Montara Assets, and is repayable in quarterly tranches from December 31, 2018 until March 31, 2021. The loan incurs interest at 3% above LIBOR.

29. TRADE AND OTHER PAYABLES

	June 30, 2019 USD'000	December 31, 2018 USD'000
Trade payables	6,156	7,178
Other payables	12,230	8,173
Accruals	6,702	5,484
Provision for long service leave	769	722
Other provisions	4,273	9,117
	30,130	**30,674**

These amounts are non-interest bearing. The Group believes that the carrying amount of trade payables approximates their fair value. Included in the other payables is the current balance of the Montara contingent payment of US$0.3 million.

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 using fixed price sales contracts. All contracts are hedged using Dated Brent oil price benchmarks. The Group has designated the Montara capped swap as a cash flow hedge of highly probable sales.

	June 30, 2019 USD'000	December 31, 2018 USD'000
Designated as cash flow hedges		
Commodity capped swap	**13,989**	**51,324**
Analysed as:		
Current	11,251	35,985
Non-current	2,738	15,339
	13,989	**51,324**

Contract quantity	Type of contract	Term	Contract price	Hedge classification
Swaps cover 50% of Montara's planned 2PD production Calls cover 66% of swapped volumes	Commodity capped swap	Oct 2018 – Sep 2020	Swap component: US$74.22/bbl in January 2019 through to US$66.62/bbl in September 2020 Call component: US$80.00/bbl from January 2019 to September 2019, US$85/bbl from October 2019 to September 2020	Cash flow

During the six month period ended June 30, 2019, the fair value of the capped swap declined by US$37.3 million. This decline was largely due to the decrease in future Dated Brent oil prices, over the term of the swap. US$29.7 million of the decline was directly due to the revaluation of hedge contracts and was recorded in other comprehensive income (Note 23). US$0.5 million was due to the ineffective portion of the capped swap and was recorded in finance cost (Note 11). US$7.1 million of the decline was related to hedge contracts settled in the period, and included in revenue (Note 4).

31. BUSINESS RISKS AND UNCERTAINTIES

The Company 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 detailed analysis of how the Company manages its business risks and uncertainties see the Company financial statements for the year ended December 31, 2018.

The operational and environmental risks have not materially changed since December 31, 2018.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENTS

For a detailed analysis on how the Company manages its financial instruments, financial risks and capital management, see the annual financial statements for the year ended December 31, 2018.

The financial risks, instruments and capital market strategies have not materially changed since December 31, 2018.

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.

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 six month period ended June 30, 2019.

Gearing ratio	June 30, 2019 USD'000	December 31, 2018 USD'000
Debt (Note 28)	73,401	101,813
Cash and cash equivalents (Note 21)	(51,880)	(52,981)
Restricted cash	(14,499)	(18,644)
Net debt	**7,022**	**30,188**
Equity	221,134	215,261
Net debt to equity ratio	**3%**	**14%**

Debt is defined as long and short-term borrowings (excluding derivatives) as defined 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$14.5 million in the RBL debt service reserve account as at June 30, 2019. 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. Equity includes all capital and reserves of the Group that are managed as capital.

33. SEGMENT INFORMATION

Revenue and balance sheet information is based on the geographical location of assets as follows:

	Six months ended June 30, 2019				
	Producing assets		Exploration		
	Australia USD'000	SEA USD'000	SEA USD'000	Corporate USD'000	Total USD'000
Revenue	**171,707**	**-**	**-**	**-**	**171,707**
Production cost	(62,057)	-	-	-	(62,057)
DD&A	(44,885)	-	-	(229)	(45,114)
Staff costs	(3,775)	(670)	(517)	(3,928)	(8,890)
Other expenses	(4,404)	(79)	(150)	(404)	(5,037)
Other income	2,134	-	-	(36)	2,098
Finance costs	(9,987)	-	-	(29)	(10,016)
Other financial gain	1,936	-	-	-	1,936
Profit/(loss) before tax	**50,669**	**(749)**	**(667)**	**(4,626)**	**44,627**

	June 30, 2019				
	Producing assets		Exploration		
	Australia	SEA	SEA	Corporate	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Additions to non-current assets	**26,181**	**-**	**4,287**	**23**	**30,491**
Total assets & liabilities					
Current assets	167,983	72	-	1,452	169,507
Non-current assets	532,094	-	99,894	1,138	633,126
Current liabilities	(122,401)	(73)	-	(4,708)	(127,182)
Non-current liabilities	(453,480)	-	-	(837)	(454,317)
Net assets	**124,196**	**(1)**	**99,894**	**(2,955)**	**221,134**

	Six months ended June 30, 2018				
	Producing assets		Exploration		
	Australia	SEA	SEA	Corporate	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	**28,608**	**7,175**	**-**	**-**	**35,783**
Production cost	(20,704)	(2,761)	-	-	(23,465)
DD&A	(4,356)	(657)	-	(51)	(5,064)
Staff costs	(1,978)	(1,143)	(344)	(3,340)	(6,805)
Other expenses	(2,853)	-	-	(2,544)	(5,397)
Other income	114	-	-	52	166
Impairment of asset	-	-	(11,902)	-	(11,902)
Finance costs	(1,467)	-	-	(1,610)	(3,077)
Profit/(loss) before tax	**(2,636)**	**2,614**	**(12,246)**	**(7,493)**	**(19,761)**

	December 31, 2018				
	Producing assets		Exploration		
	Australia	SEA	SEA	Corporate	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
Additions to non-current assets	**360,774**	**-**	**1,835**	**1**	**362,610**
Total assets & liabilities					
Current assets	147,358	345	417	8,560	156,680
Non-current assets	476,981	-	95,607	280	572,868
Current liabilities	(79,867)	(93)	(737)	(3,654)	(84,351)
Non-current liabilities	(429,936)	-	-	-	(429,936)
Net assets	**114,536**	**252**	**95,287**	**5,186**	**215,261**

Non-current assets include oil and gas properties, intangible exploration assets and property plant and equipment used in corporate offices.

34. CONTINGENT LIABILITIES

Stag

The Group may be responsible for certain contingent payments of up to US$10 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 June 30, 2019, no provision has been recognised in the financial statements.

Montara

The Group may be responsible for certain contingent payments of up to US$130 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 (see also Note 6). At this time, Jadestone's management only considers the contingent payments of up to US$30.0 million linked to oil price appreciation above US$80/bbl in 2019 and/or in 2020 as probable, while also noting the uncertain nature of future changes in oil prices; in this case future prices of Dated Brent. Accordingly, the fair value of the two oil price linked contingent payments of up to US$30.0 million is recognised as a payable, and the remaining US$100.0 million of contingent payments has not 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

	Six months ended June 30, 2019 USD'000	**Six months ended June 30, 2018 USD'000**
Short-term benefits	2,159	1,796
Other benefits	503	255
Share based payments	369	124
	3,032	**2,175**

The total remuneration of members of key management for six months ended June 30, 2019 (including salaries and benefits) was US$3.0 million (June 30, 2018: US$2.2 million).

36. EVENT AFTER THE REPORTING PERIOD

Transfer of Montara Operatorship

The transfer of operatorship at Montara was completed on August 6, 2019, following the acceptance by NOPSEMA, the safety regulator in Australia, of the Company's safety case. The Company has now requested that NOPTA, the Australian title administrator, approve transfer of the final 1% interest in the Montara titles. The Company received 99% interest in the Montara titles on May 30, 2019. The Company is in the process of closing out the Operator and Transitional Services Agreement with the previous Montara operator.