Production Focus, Sustainable Returns

2019 Annual Report

Jadestone is a leading independent upstream oil and gas company focused on the Asia Pacific region. Its strategy is to acquire production and near-term development assets, create value through smart reinvestment and generate increasing cash flow from an expanding portfolio of balanced, low risk assets across the region.

Cover Photo:
Mark Pearce, a mechanical technician on the Montara Venture FPSO

Contents

2019 Review
4 – 5 Foreword from Dennis McShane – Non-Executive Chairman
6 – 9 Chief Executive Officer's Review
10 – 11 Highlights

2019 Financial Overview
12 – 13 Financial Overview

COVID-19
14 – 15 Impact of COVID-19

Review of Operations
16 – 21 Portfolio and Assets Overview

Sustainability Report
22 – 43 Sustainability Report

Corporate Governance
46 – 47 Board Profiles
48 – 49 Management Profiles
50 – 57 Corporate Governance Report

Consolidated Financial Statements
60 Management's Report
61 – 64 Independent Auditor's Report
65 Consolidated Statement of Profit or Loss and Other Comprehensive Income
66 Consolidated Statement of Financial Position
67 Consolidated Statement of Changes in Equity
68 Consolidated Statement of Cash Flows
69 – 115 Notes to the Consolidated Financial Statements

Management's Discussion and Analysis
116 – 147 Management's Discussion and Analysis

Reserves Summary
148 – 149 Reserves Summary

Other Information
150 Glossary

Foreword from Dennis McShane Non-Executive Chairman

Stag platform with the Ensco 107 drilling rig

Dennis McShane
Non-Executive Chairman

Dear Fellow Shareholder,

On behalf of the Board of Directors of your Company, I am pleased to present the 2019 Jadestone Energy Annual Report. Your Company had an exceptional year in 2019 with major project completions, improved operational efficiencies, expanded asset opportunities, and the strongest financial results in our history. Management focused on the full integration and operating improvements at Montara since acquiring the assets in late 2018, infill drilling at Stag, and driving forward the Nam Du/U Minh gas development in Vietnam. All this was achieved with a focus on continued adherence to our disciplined HSE culture.

Later in the year the Company also announced the acquisition from OMV of an operated 69% interest in the Maari Project, offshore New Zealand. The acquisition is an excellent fit with our growth-oriented strategy, which includes bolting on mid-life producing assets where management can continue to deploy the existing capabilities within the team.

I wish to congratulate our senior executives, Paul, Dan and Michael along with their entire team on this tremendous success. Through their efforts your Company entered 2020 with the financial strength and operational expertise to further our successful growth strategy.

ESG Progress

I am also pleased to report an outstanding year from an HSE perspective, with zero lost time incidents and zero serious injuries. HSE performance is at the core of what we do, and helps to drive operational performance, which is at the root of value for shareholders. We have strengthened our Board to reinforce the principle that health, safety and environmental performance, as well as risk management, are intrinsic to our business and we have expanded our governance to more closely monitor the Company's progress in these areas.

We are also working to minimise waste from our business, reducing emissions and discharges, by ensuring operations are as efficient as possible. We are increasingly measuring our impact on the environment, setting targets for continual improvement, and have published this year, for the first time in Jadestone's short history, our Sustainability Report. Our intention is to be transparent about what we do and how we do it. We work tirelessly to improve our performance in everything we do, so that we build a reputation within the investment community and amongst all stakeholders of open communication, honesty and integrity. We have set measurable targets such as continuous improvement in recordable safety incidents, reduced gas flaring and diesel usage, recruiting and training local nationals and of course maintaining the highest standards of governance. These are but a few of the areas that form a major part of management's 2020 KPI's. Our aim is to earn your trust and keep it over the long term.

Dividend

As previously committed to the market, we announced guidance for our maiden dividend, to be paid later in 2020/2021, and targeted in the range of $7.5 to $12.5 million. We have structured the Jadestone business to be one that is strongly cash generative, and fundamentally predisposed to generating distributable returns for shareholders. Going forward, we expect to issue further dividends to shareholders at a rate which is yet to be confirmed but will be commensurate with the Company's growth performance and financial strength.

Board

I would like to take this opportunity to thank all my colleagues at Jadestone for their dedication and hard work during the year.
I'd particularly like to thank Eric Schwitzer who stepped down as a non-executive director in December, for his many years of dedicated service to, and support of, the transformation of Jadestone Energy. I welcome Lisa Stewart as a new non-executive director. Lisa has over 30 years of experience in the upstream oil and gas industry, in engineering and management positions, and I am confident that we will come to rely on both her technical skills and her extensive international experience.

Outlook

The world has changed dramatically since the end of 2019. As I write this letter to you, we are in the midst of the global COVID-19 pandemic, an economic shutdown not witnessed in this generation and, a collapse in oil prices. As a result, your Company has made the prudent shift in strategy to preserve our financial strength. A number of capital programmes have been deferred, non-essential investments have been postponed and, compensation increases have been cut in order to conserve cash in the business. We are proud to report that our people are rising to the daily challenges of this crisis with the same resolve and ingenuity as they did in building this Company.

Looking toward the rest of 2020, Jadestone remains as nimble as ever and highly selective in deploying resources. Our focus continues to be on driving the business forward with rigorous attention to cash flow and value generation through organic activity and accretive investments.

Thank you for your continued support.

Dennis McShane
Non-Executive Chairman

We are underpinning the growth of our business with ongoing value accretive investments into our producing assets, completing our acquisition of an operated interest in the Maari assets, offshore New Zealand, and preserving balance sheet strength to be opportunistic for further inorganic growth when the right options emerge.

Paul Blakeley
Executive Director, President and Chief Executive Officer

Reflecting on 2019, we have added value to every one of our assets through strong and improving operational performance. We have executed our investment plans broadly as laid out at the beginning of the year, and have kept our guidance promises with regard to delivering production growth, improved efficiency and shareholder returns.

We achieved significant success across all fronts of our business in 2019. We improved operational output and effectiveness, completed major capital projects, expanded our reserves base and enhanced our financial strength, including paying down the reserve based loan which supported the Montara acquisiton. We find ourselves well positioned to weather the effect of the current economic environment, with a strong net cash position, low operating costs break even down to $20/bbl, significant optionality with discretionary capital, an ongoing hedging programme and high quality crudes which have attracted significant premiums to Brent.

Asset Review

In the last 12 months Montara has been turned around. With Jadestone operating leaders seconded to the asset early in the transition process, we were able to move quickly to deliver a number of major investments at Montara, including restoring gas-lift to the subsea wells and accessing additional reservoir sands through an innovative riserless light well intervention programme. We also completed the subsea umbilical replacement, which will ensure the reliability of subsea operations throughout the remaining life of the asset.

At Stag, after seasonal weather delays, we drilled the first infill well on the asset in over six years. The project was completed on time and budget, and contributed to both production and reserves, with initial rates at around 1,400 bopd, as prognosed. This reinforces our view of the reservoir model and, two years into operating Stag, its performance confirms our view of the asset being a long term, stable cash generator for the Company. Oil price realisations continued to be strong during the year and, with global demand for cleaner burning fuels driving increased differentials for low sulphur crudes, Stag crude oil premiums rose from $4 to over $10/bbl by year end, continuing even higher in early 2020.

We made significant progress on the Nam Du and U Minh gas development in Vietnam in 2019. We signed a Heads of Agreement relating to gas sales from the fields, completed the front-end engineering and design work, finished all pre-development environmental studies and site surveys, and submitted our Field Development Plan on schedule, in November. Events have since taken over and, with the Government delaying project approval by over three months, and the subsequent collapse in oil price, we have elected to push the project back by 12 months and reassess market conditions in due course.

We continue to see Nam Du and U Minh as a key part of our mid to longer-term growth profile and are now working with the Vietnam Government to optimise the future timing of this very important project. The development of these fields still provides a critical source of domestic gas supply for Vietnam, and is of vital importance to the continued growth of the Southwest region of the country, in what is one of the powerhouse economies of the Asia Pacific region.

Adding the New Zealand Maari asset to our portfolio, as announced in November 2019, establishes a new operating area for us, and creates a platform to further deploy our mid-life field expertise. This acquisition is further evidence of running room for our M&A strategy in the region. I firmly believe we will see more opportunities in the prolific Taranaki basin, and the asset itself carries all the key criteria for Jadestone to add reserves, extend field life and create significant value for shareholders.

Results Review

In 2019 the business generated $325 million in net revenue, almost three times higher than the previous year. We lifted 4.5 mm bbls of crude oil, and made $177 million cash from operations before working capital changes, with adjusted EBITDAX of $188 million (or $73 million in unadjusted net profit before tax). This was a transformational year for Jadestone and I am proud of the efforts of the whole team for their hard work and effort in achieving these results, which were also delivered with an exemplary health, safety and environmental performance. There were no accidents, incidents or spills of any significance, nor any regulatory non-conformance, as we continue to strive to deliver a "target zero" outcome for the business. 96% of production was replaced, adding 4.8 mm bbls of 1P reserves or 4.0 mm bbls on a 2P basis, with positive adjustments at both Stag and Montara. This does not include the 13.9 mm bbls of 2P reserves associated with the Maari acquisition and which will be added when we complete the deal later in 2020. These are all outcomes we can be proud of.

Company Strategy

In a short period of time, we have built Jadestone into a business delivering a solid free cash flow stream which we are redeploying into accretive investment in the business and in inorganic activity, while providing direct returns to shareholders in the form of dividends, beginning this year. Our acquisition screening criteria is stringent, but I am confident that we will continue to find more opportunities which fit our strategy to re-invest and generate incremental value well beyond the seller's view, as with all the acquisitions done to date.

Our strategy is working, and our performance in 2019 is confirmation that we have set the right course in Asia Pacific, are doing the right things, and with our operating capabilities are generating significant value for shareholders through production, acquisition and near-term developments. At the same time, we remain steadfast in our focus on health, safety, and environmental responsibility, and are pleased to have delivered a solid year of performance with no significant incidents to report. As part of our first annual report, I am pleased to present our Sustainability Report, outlining our principles of Environmental, Social, and Governance practices, which we see as central to the health and durability of our business.

Response to COVID-19

The COVID-19 pandemic, the related steep oil price decline, and the various government and community responses to address the virus, have created significant challenges for the upstream oil & gas industry, and is impacting almost every part of the global economy.

As we exit the first quarter of 2020, the significant current headwinds for our industry are creating uncertainty for the remainder of the year, and possibly well beyond. To ensure Jadestone is able to continue to operate with minimal disruption during these extraordinary times, and also to maintain its highly resilient financial and operational position as and when conditions normalise, a wide range of steps have been taken to date, as summarised on pages 14-15.

Outlook

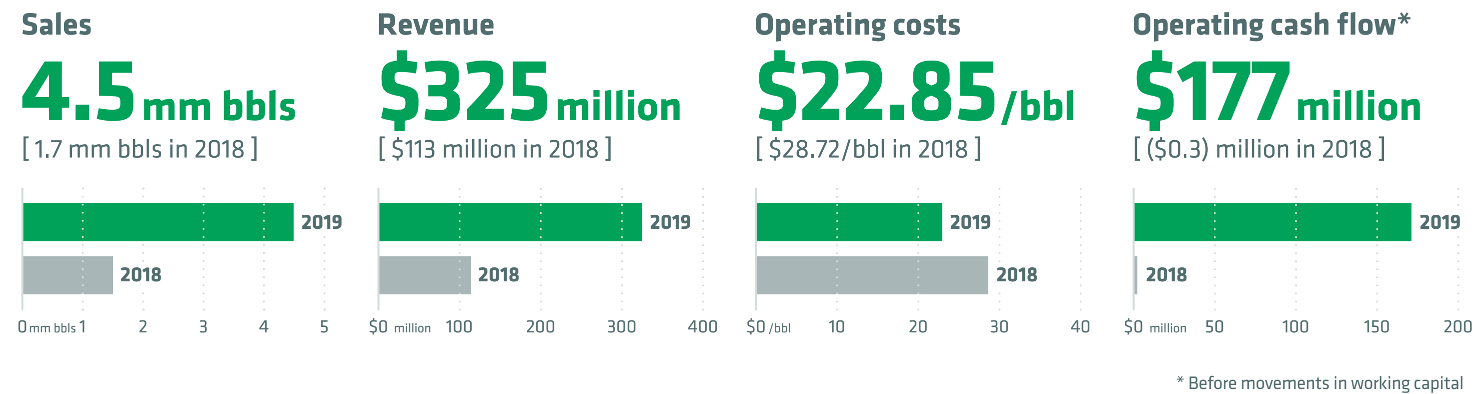
Notwithstanding these extraordinary challenges, we are fortunate to have a very strong balance sheet, a resilient business model, and a portfolio with significant flexibility which we are and, will continue to fully exercise. Maari remains an accretive acquisition with operating costs below $20/bbl and we continue to push towards closure, while slowing down other discretionary capital where value can be either retained or enhanced in doing so. By protecting the balance sheet, we not only protect the integrity of the business and shareholders' capital, but we also create additional financial flexibility to pursue opportunities for further accretive, inorganic growth, that this current oil price environment will undoubtedly present.

Finally, I would like to thank the outstanding group of people who work for the Company, to the Board for their support, to all stakeholders who work with us and, not least to our shareholders for their confidence in what we are doing at Jadestone.

A. Paul Blakeley, OBE
Executive Director, President and Chief Executive Officer

Raroa FPSO and Maari platform

Corporate and Financial Highlights



* Before movements in working capital

Workers on the Riserless Light Well Intervention vessel

In 2019, the Company had crude oil sales of 4.496 mm bbls from 10 liftings through the year. Sales were a three-fold increase over the 1.683 mm bbls sold in 2018. The increase primarily reflects a full year of production from the Montara asset, offshore Australia. Net sales revenue was $325 million, which was also a three-fold increase over the $113 million revenue in 2018.

Jadestone generated cash flow from operations of $177 million in 2019, versus a net use of cash of $0.3 million in the prior year.

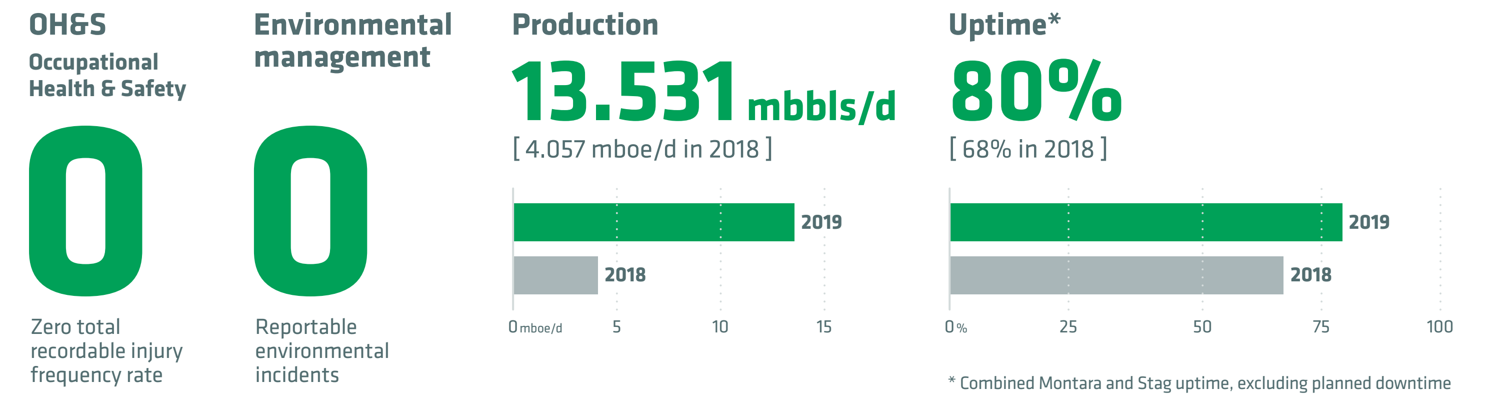
Underlying the Company's financial performance was an improvement in efficiency in all of its operations, demonstrated by full year operating costs falling to $22.85/bbl (excluding non-recurring items). This is a new record for the Company, and a result of deploying the Company's operating philosophy for mid-life assets and driving cost efficiency deep into ongoing operations.

At the same time, the Company made substantial investments into its assets, including infill drilling, well interventions, and remedial works designed to ensure the longevity of its operations and to correct all outstanding deficiencies.

Even after investing $77 million through major spending during the year (including capex and major project opex), the Company's cash position increased while debt continues to be paid down. As at the end of 2019, the Company was in a net cash position of $40 million, compared to net debt of $30 million at year-end 2018 (both figures excluding restricted cash of $10 million relating to a bank guarantee).

Jadestone continues to focus on near-term cash flow generating assets as a way to grow investor returns.

Operational Highlights



* Combined Montara and Stag uptime, excluding planned downtime

Safe operations are paramount to the longevity of Jadestone's business, and during 2019 the Company had no serious HSE incidents to report. Protecting the well-being of the entire Jadestone team and ensuring world class environmental stewardship will always be our highest priority.

Jadestone achieved its production target for 2019, producing an average of 13,531 bbls/d, versus 4,057 boe/d in the prior year. This increase reflects the addition of a year of production from the Montara asset, which averaged 10,483 bbls/d in 2019, in addition to ongoing production from Stag, which averaged 3,049 bbls/d.

At Montara, the Company began the year by correcting all outstanding regulatory deficiencies inherited when the asset was acquired, and thereafter began its first wave of major investments into the asset. This included an innovative riserless light well intervention programme - a highly engineered scope of work to restore gas lift to subsea wells and access additional reservoir sands, and the installation of a new subsea umbilical - a once-in-a-decade task to ensure the ongoing reliability of subsea wells.

At Stag, the Company drilled the first infill well in six years, which encountered its target, came on production, and contributed new reserves all in line with pre-drill expectations. The Company's workover programme resulted in all Stag wells returning to production, while operating costs continued to fall (part of a trend under Jadestone's operatorship).

In Vietnam, the Company made progress toward commercialising its Nam Du and U Minh gas fields, including signing a Heads of Agreement relating to gas sales from the development and submitting a Field Development Plan to Petrovietnam for consideration. In early 2020, the Company opted to delay the project as part of a review of its capital programme aimed at maintaining the Company's strong balance sheet.

During the fourth quarter of 2019, the Company announced the acquisition of an operated 69% interest in the Maari asset, offshore New Zealand for a cash consideration of $50 million. The asset is a natural strategic fit for Jadestone, adding 13.9 mm bbls of 2P reserves, and production of 4,000 - 4,500 bbls/d, on a net basis, with an effective date of January 1, 2019. The acquisition is expected to close in the second half of 2020.

Enscco 107 drilling rig and Stag platform

Full year revenue for 2019 was $325 million compared to $113 million for year 2018. This was in large part due to total oil lifted in 2019 being 4.5 mm boe, compared to 1.7 mm boe in 2018. Price realisations remained relatively flat at $69.07/bbl in 2019 compared to $69.39/boe in 2018. During the year benchmark prices declined from $71.31/ bbl in 2018 to $64.27/bbl in 2019 but this decline was largely offset by increasing premiums at Stag and Montara.

Full year production costs for 2019 were $119.9 million, versus $90.9 million for 2018. Adjusting to remove non-recurring items, this equates to unit operating costs of $22.85/bbl versus $28.72/boe for 2018.

The Company delivered adjusted positive EBITDAX of $187.5 million, compared to $10.2 million for 2018, as the 2019-year benefits from a full year of Montara production compared to approximately one month of production in 2018 under Jadestone's ownership, prior to the voluntary shutdown in November and December 2018 to address a legacy inspection and maintenance backlog.

The Company generated positive operating cash flow before movements in working capital of $176.7 million, compared to $0.3 million used in operations in 2018, again reflecting a full year of Montara production compared to one month in 2018.

For the full year, the Company invested $77.2 million, inclusive of large abnormal operating expense, including work associated with a portion the riserless light well intervention programme, and compared to $10.0 million invested in 2018.

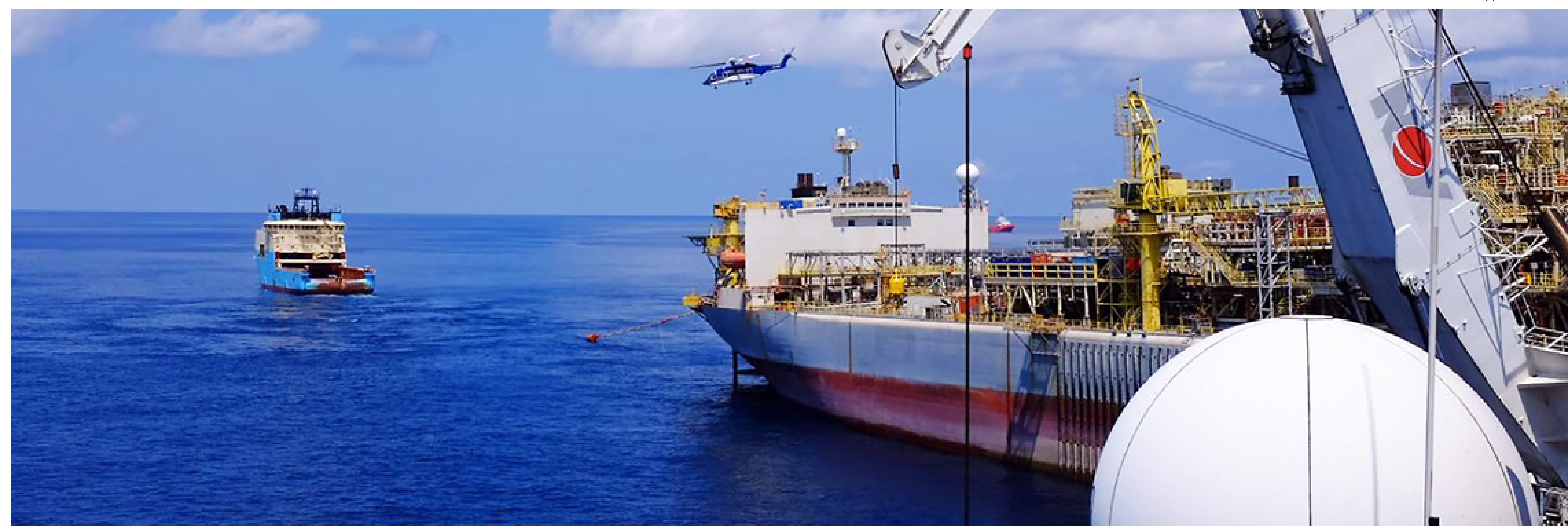
At year end, the Company had $75.9 million cash, plus $13.5 million of debt service reserve cash and a further $10.0 million of cash in support of a bank guarantee. A further $12.8 million of the reserve based loan principal was repaid on March 29, 2020, resulting in gross outstanding debt at March 31, 2020 of $37.3 million.

The Company's hedging programme provides very strong downside oil price protection. Approximately half of Montara's production is hedged through to September 30, 2020 at an average Brent swap price of $68.45/bbl, or $74.55/bbl inclusive of the $6.10/bbl premium most recently achieved.

Financial and Operating Highlights

	THREE MONTHS ENDED DECEMBER 31		TWELVE MONTHS ENDED DECEMBER 31	
USD'000, unless otherwise indicated	2019	2018	2019	2018
Financial				
Revenue	91,200	44,972	325,406	113,423
Production costs	(25,876)	(50,602)	(119,898)	(90,939)
Gross profit	65,324	(5,630)	205,508	22,484
Profit/(loss) before tax	27,062	(4,935)	73,281	(21,466)
Profit/(loss) after tax	10,364	(6,573)	40,505	(31,033)
Profit/(loss) after tax per ordinary share	0.02	(0.01)	0.09	(0.10)
Operating cash flow before changes in WC	57,978	(7,568)	176,744	(268)
Cash generated from operations	50,303	40,078	147,484	26,422
Cash	75,934	52,981	75,934	52,981
Restricted cash	23,485	28,644	23,485	28,644
Gross debt	49,123	101,813	49,123	101,813
Net cash/(debt)	40,296	32,469	40,296	(30,188)
Major spend/capital expenditure	26,340	7,624	77,240	10,000
Total assets	755,081	730,367	755,081	730,367
Book equity	225,467	215,261	225,467	215,261
Operational				
Production (boe/d)	14,702	5,215	13,531	4,057
Sales (mboe)	1,266	657	4,496	1,683
Avg realised liquids price ($/bbl)	69.24	67.51	69.07	69.39
Operating costs ($/bbl)	20.26	28.94	22.85	28.72

Montara Venture FPSO and support vessels



On January 30, 2020, the COVID-19 outbreak was declared a public health emergency of international concern, and on March 10, 2020, the WHO declared COVID-19 a pandemic.

Jadestone recognises the gravity of this situation, and acknowledges that the actions taken to mitigate COVID-19 globally 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 Company operates.

For its part, Jadestone has undertaken a methodical assessment of both operational and financial risks for its ongoing business, and has set in place measures to maximise the Company's ongoing success.

Operational

The Company recognises that its offshore production locations require an ongoing supply of key materials and services, and with the widespread impact of business disruptions due to COVID-19, some aspects of the Company's supply chain may be compromised. In response, the Company is maintaining a conservative six-month work plan for its assets, and as usual, is carrying sufficient inventory of critical spares to mitigate the risk of not having the right materials available to maintain ongoing operations. In addition, the Company is working closely with suppliers of critical offshore services to prepare contingency plans and ensure suitably skilled personnel can be mobilised as and when required. This collaboration also extends to local industry organisations to establish best practices, and control mechanisms to ensure smooth logistics operations throughout the pandemic.

COVID-19 has given rise to a risk of staff not being available to conduct work, both offshore and onshore. The Company has implemented several measures in response, including enacting its business continuity plan to arrange for designated individuals to step into critical roles as required. In addition, the Company has implemented enhanced HSE guidelines at all locations, developed in conjunction with WHO and International SOS recommendations. This includes work-from-home provisions wherever possible, enhanced hygiene, cleaning, social distancing, and health checks, as well as split working arrangements whereby critical leaders are prohibited from working in the same place and time.

Travel restrictions have been imposed world-wide in response to COVID-19, including bans on inter-state travel within Australia, in addition to restrictions on entering and leaving various other countries where Jadestone staff conduct their work. In response, Jadestone has embraced home working as the norm for onshore staff, and has implemented a revised offshore work cycle intended to minimise travel time and ensure adherence to mandatory self-isolation requirements. With these measures in place, to this point the Company has experienced no disruptions to its ongoing operations whatsoever.

With the requirement for much of the Company's personnel to work remotely, electronic connectivity is critical. Jadestone is well positioned in this regard, with IT infrastructure and systems already designed to minimise business disruption with remote working arrangements. To date, there have been no disruptions to IT services or support.

Financial

Jadestone has entered the current COVID-19 period of unprecedented lockdowns in a strong financial position.

The Company's total cash on hand as at March 31, 2020 is $109.4 million, excluding $10.0 million restricted cash. Aside from common equity, the Company's sole form of external financing, and its sole interest-bearing debt, is the Company's existing senior reserve-based loan, which has an outstanding balance of US$37.3 million as at March 31, 2020. The most recent borrowing base redetermination set the borrowing base at a substantial premium to the drawn balance, and even at the current low oil price, the Company is able to comfortably meet the covenants on the loan. This is in part due to the existing capped swap hedge programme that covers approximately 50% of Montara's planned production to September 30, 2020 at an average Dated Brent oil price of $68.45/bbl, and before the premium it achieves on its crude oil price realisations over Brent.

The Company's 2020 capital programme is highly discretionary. With the ongoing delays in Vietnamese Government approvals for the final field development plans for Nam Du/U Minh, the Company announced on March 19, 2020 a delay to the development of this project. This results in a $90.0 million reduction in the 2020 capital programme; a prudent step amidst the ongoing uncertainty.

Additionally, the Company has announced a delay in the Australian 2020 infill drilling. This delay aims to best align capital spending with a strengthening oil price environment, maximising potential future returns, while preserving the Company's balance sheet and net cash position today.

Collectively, this has reduced the Company's total capex guidance for 2020 by around 80% to US$30.0–35.0 million.

The portfolio remains operating cashflow positive, even down to Brent oil prices below $20/bbl.

The Company will lock in additional hedging as and when conditions are considered favourable to reduce volatility in short term oil price and/or foreign currency outcomes.

Conclusion

Jadestone is proactive in understanding and mitigating the potential risks to its business with regards to both its ongoing operations, and its long-term financial well being. To this point, operations have continued very much as intended, and the Company believes it will emerge from this pandemic in strong financial shape, and with its strategy to add value intact and unchanged.

Portfolio Overview

Jadestone operates all of its producing and development assets, which currently include oil production in Australia and a near-term gas development in Vietnam. In addition, the Company holds a legacy exploration interest in the Philippines, is seeking to re-enter into an onshore asset in Indonesia and has entered into a Sale and Purchase Agreement for the Maari oil asset in New Zealand.

Assets

Country/Asset	WORKING INTEREST	OPERATOR	GROSS ACREAGE (KM²)	LOCATION	WATER DEPTH (M)
Australia					
Montara (AC/L7, AC/L8)	100%	Jadestone	252	Offshore Western Australia	71
Stag (WA-15-L)	100%	Jadestone	160	Offshore Western Australia	47
Indonesia					
Ogan Komering [1]	--	Pertamina	1,152	Onshore South Sumatra	n/a
New Zealand					
Maari (PMP 38160) [2]	69%	Jadestone	81	Offshore Taranki Basin	100
Philippines					
SC56	25%	Total	6,220	Sulu Sea	1,802
SC57[3]	21%	CNOOC	7,200	Offshore Palawan Island	1,500
Vietnam					
Nam Du (Block 46/07)	100%	Jadestone	3,281	Malay-Tho Chu Basin	48
U Minh, Tho Chu (Block 51)	100%	Jadestone	2,848	Malay-Tho Chu Basin	64
Block 05-1b & 05-1c [4]	30%	Idemitsu	1,054	Nam Con Son Basin	110

(1) Jadestone, as a prior partner in the Ogan Komering Production Sharing Contract (which expired in May 2018), is progressing discussions with Pertamina for participation in the asset, and is continuing to seek an arrangement whereby it will once again acquire an interest in the block.
(2) Subject to completing Jadestone's acquisition, expected in H2 2020.
(3) Currently in force majeure.
(4) Jadestone announced on August 9, 2016 that it had signed a SPA with Teikoku, a wholly-owned subsidiary of Inpex Corporation as seller, for the acquisition of a 30% non-operated working interest in Blocks 05-1b & 05-1c. The transaction has not been completed.

Offices

The Company is listed on the AIM market of the London Stock Exchange in the United Kingdom. Jadestone's head office is in Singapore and its technical centre of excellence is in Kuala Lumpur, Malaysia. Australia operations are managed from its Perth office and Vietnam operations from an office in Ho Chi Minh City. In addition, the Company is in the process of setting up a new office in New Plymouth to support its New Zealand operations.

Stag platform, Ensco 107 drilling rig and support vessel

Montara

Australia

Working Interest 100%
Gross Acreage 252 km²
Offshore Western Australia
Water Depth 71m

The Montara assets are located in the Timor Sea, offshore Australia, approximately 690 km west of Darwin. The assets are in licences AC/L7 and AC/L8 which cover 252 km² in area, and include three producing oil fields: Montara, Skua and Swift/Swallow, produced through a Floating Production Storage and Offloading ("FPSO") vessel, the Montara Venture FPSO. The Montara field is developed with a fixed wellhead riser platform, while the Skua and Swift/Swallow fields are subsea completions. All fields are connected to the Montara Venture FPSO which stabilises and stores crude oil for offload. The fields produce light, sweet crude oil (42° API), which sells at a premium to Brent, historically in the $3 - $4/bbl range, but has increased in late 2019 and early 2020 to $6-7/bbl range. Jadestone is the operator and holds a 100% working interest in all assets, including the Montara Venture FPSO.

In late 2018, the Company successfully carried out an extensive maintenance and inspection shutdown which remedied all outstanding maintenance and inspection tasks inherited from the prior operator. Jadestone also conducted an innovative riserless light well intervention programme which successfully restored gas lift to key subsea wells and accessed additional reservoir sands through new perforations.

In August, the Company's safety case for Montara was accepted by Australia's National Offshore Petroleum Safety and Environmental Management Authority, resulting in formal transfer of operatorship to Jadestone, and subsequent transfer of the full 100% legal interest in the titles for Montara's licences, AC/L7 and AC/L8. Following the transfer of operatorship, Jadestone installed replacement subsea umbilical cables at the Montara complex, aimed at ensuring ongoing reliable operations of Montara's subsea fields for the remainder of the fields' lives.

Importantly, all work at Montara was conducted in accordance with the Company's high standards for health, safety, and environmental performance, resulting in no significant incidents. All major projects were completed on-budget and contributed to both reserves and production in line with the Company's expectations. Jadestone added 0.4 mm bbls of 2P reserves at Montara, after prodution of 3.8 mm bbls, or 10,778 bbls/d (from its January 11 restart).

In Q1 2020, Jadestone acquired new 3D broadband seismic over the entire Montara blocks' area, aimed at assessing near-field exploration opportunities and adding to the Company's inventory of development drilling targets. Jadestone intends to drill several infill wells starting in 2021, starting with the Montara H6 well, which will target unswept oil close to the western bounding fault of the Montara field.

Crude oil offload from the Montara Venture FPSO

Ensco 107 drilling rig at the Stag platform

Stag

Australia

Working Interest 100%
Gross Acreage 160 km²
Offshore Western Australia
Water Depth 47m

The Stag oilfield is located in the Carnarvon Basin, approximately 60 km offshore, Western Australia and is part of the highly productive North West Shelf hydrocarbon province. The assets are in licence WA-15-L, which covers 160 km² in area, and includes the Stag fixed production platform, which is connected to a leased Floating Storage and Offloading ("FSO") vessel, the Dampier Spirit. The Stag oilfield produces heavy, sweet crude oil (19° API), which historically sells at a premium to Brent of $1 - $4/bbl, but has recently realised premiums of more than $20/bbl. Jadestone is the operator and holds a 100% working interest in the field and production platform.

In 2019, Jadestone drilled the first infill well on Stag in six years and Jadestone's first well as operator. The well, Stag 49H, came on production at an initial rate of 1,400 bbls/d as expected, and continued to produce in line with the Company's expectations throughout the year. In addition, the Company undertook several routine well workovers in 2019, primarily to replace electric submersible pumps ("ESPs"), resulting in all wells being on-line by year-end. At December 31, 2019 Stag's 2P reserves totalled 14.8 mm bbls, after 2019 production of 1.1 mm bbls, or 3,049 bbls/d.

The Company also undertook several initiatives to improve both operating cost efficiency and facility uptime, which contributed to further improvements in unit opex ($ per bbl). The combined effect of adding reserves and enhancing efficiency have resulted in an extension to the field's anticipated life, to 2035.

In 2020, Jadestone plans to undertake various maintenance and repair works on the Stag FSO, aimed at ensuring ongoing asset integrity and reliability. In addition, the Company will continue the well workover programme, required by the need to replace ESPs at the end of their useful life, and will conduct well planning, in preparation for further drilling anticipated in the following year.

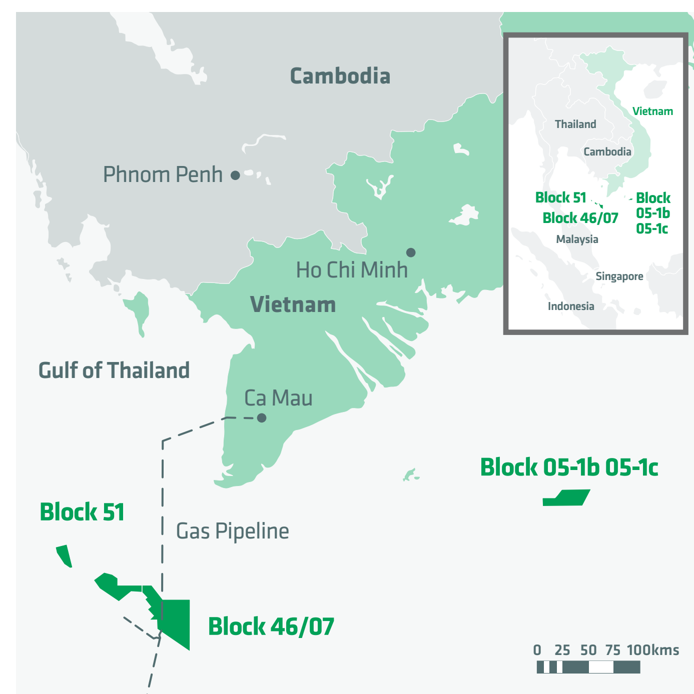
Nam Du and U Minh

Vietnam

Working Interest 100%
Gross Acreage: Block 46/07 – 3,281km², Block 51 – 2,848km²
Malay-Tho Chu Basin
Water Depth: Block 46/07 – 48m, Block 51 – 64m

The Nam Du and U Minh gas fields are located in the offshore Malay/Tho Chu basin, approximately 150 km southwest of Ca Mau province in Vietnam. The fields are in blocks 46/07 and 51, respectively, which cover 6,129 km² in area. The fields were discovered in 2013 and 1997, respectively. Subject to formal approval of its Field Development Plan, Jadestone intends to construct a fixed wellhead riser platform on each field, which will be connected to a leased FPSO vessel, in turn connected to a nearby, pre-existing gas export pipeline, which will ultimately deliver gas to the Ca Mau power generation and fertiliser complex, onshore southwest Vietnam. The Company is expecting to achieve first production no earlier than late 2022. Jadestone is the operator and holds a 100% working interest in both licences.

In 2019, Jadestone progressed engineering and contracting work relating to the Nam Du and U Minh development, including selection of major contractors relating to the design and construction of wellhead platform facilities and pipelines, as well as provider of the FPSO. The project Environmental Impact Assessment was approved by the Vietnam government in December 2019. In addition, the Company signed a Heads of Agreement relating to an eventual Gas Sales and Purchase Agreement and, in November, submitted its final Field Development Plan ("FDP") to Petrovietnam for approval. In early 2020, amid delays in Vietnamese Government approvals and the drop in global oil prices related to COVID-19, the Company opted to delay the project, as part of a review of its capital programme, aimed at maintaining the Company's strong balance sheet.



Tho Chu

Vietnam

The Tho Chu gas field is located in block 51, offshore Malay/Tho Chu basin, approximately 50 km to the northwest of the U Minh field, which is also within block 51.

The field was discovered and appraised by the 51-TC-2X well and has since been recorded by the Company as holding 63.7 mm boe of contingent resource. Due to its relative distance from existing infrastructure (unlike the Nam Du and U Minh fields), Tho Chu is in a suspended development status, pending access to export ullage, and will be the subject of a future field development proposal, potentially in coordination with other nearby assets which are yet to be developed.

Maari well head platform

Block SC56 and SC57

Philippines

Working Interest: SC56 25%, SC57 21%
Gross Acreage: SC56 – 6,220km², SC57 – 7,200km²
SC56 – Sulu Sea, SC57 – Offshore Palawan Island
Water Depth: SC56 1,802m, SC57 1,500m

SC 56 is a deepwater exploration block located in the Sulu Sea, and covering 6,220 km² in area. Jadestone holds a 25% non-operated working interest with the balance, and operatorship, held by Total.

In 2019, the Company pursued an arbitration action against Total in response to a breach of the 2012 farm out agreement between the companies, claiming that, among other things, Total failed to drill an exploration well on the block's Halcon prospect. In early 2020, the tribunal found in favour of Jadestone, and awarded monetary damages and legal costs which were partly offset by repayment of third-party funding facilities used to finance the arbitration action and other related fees.

SC 57 is a deepwater exploration block located offshore Palawan island, and covering 7,200 km². In 2006 Jadestone agreed to acquire a 21% working interest in the block through a farm-in agreement, however the transaction has not been completed, and the block is currently under force majeure.

Maari

New Zealand

Working Interest 69%
Gross Acreage 81km²
Offshore Taranki Basin
Water Depth 100m

The Maari project assets are located in the offshore Taranaki basin, approximately 80 km west of New Zealand's North Island. The assets are in permit 38160 which covers 81 km² in area and includes two producing oil fields: Maari and Manaia, which are produced through a self-elevated jack-up wellhead platform connected to an owned FPSO, the Raroa, a sister vessel to the Montara Venture. The fields produce light, sweet crude oil (37° API), which sells at a premium to Brent of approximately $1-2/bbl. Jadestone is acquiring an operated 69% working interest in the Maari project, with an economic effective date of January 1, 2019.

In 2019, the Company announced the acquisition and began working toward satisfying various conditions to the deal, which include acceptance of Jadestone as operator by the Maari joint venture partners, New Zealand Government approvals relating to title transfer, and change of operatorship.

Jadestone expects to close the acquisition in the second half of 2020. The Company intends to pursue several further development opportunities on the asset including optimising water injection, drilling additional wells and adding horizontal laterals through coil tubing drilling, with a view to increasing recovery factors for all producing reservoirs.

Ogan Komering

Indonesia

Gross Acreage: 1,152 km²
Onshore South Sumatra Basin

The Ogan Komering working area is located onshore South Sumatra, and covers 1,152 km². The asset includes several gas and oil producing fields, and is situated amongst extensive gathering and processing infrastructure.

Jadestone, as a prior partner in the Ogan Komering Production Sharing Contract (which expired in May 2018), has been directed to proceed with direct negotiations for participation in the new Ogan Komering Gross Split PSC.

In 2019, the Company progressed its discussions with Pertamina for participation in the asset, and is continuing to seek an arrangement whereby it will once again acquire an interest in the block.

Sustainability Report

Whale spotted near Stag platform

Paul Blakeley – on Montara

A message from the CEO

Welcome to the Jadestone Sustainability Report 2019

Ensuring the sustainability of our business is not just about what we do, but how we do it.

I am pleased to present Jadestone Energy's Sustainability Report for 2019.

At Jadestone Energy we have continued to expand our presence as a leading independent upstream oil and gas company in Asia Pacific, whilst being respected as an operator and employer of choice.

We understand that our operations affect people and nearby communities, and we will always strive to find ways to provide benefit for our stakeholders and everyone associated with our activities. We also know there are impacts on both the local and global environment, and we are working to minimise these through reductions in emissions, waste and discharges, and recycling wherever possible. To achieve such an outcome, we are committed to assessing all the associated impacts of our operations to eliminate potentially harmful outcomes and to contribute to a more sustainable future.

We have mapped our activities against our Environmental, Social and Governance ("ESG") framework, and I am excited to be publishing our first Sustainability Report, which sets out our approach, and establishes some key objectives to drive continuous improvement in our business.

Our strategy is to work only within existing hydrocarbon provinces where infrastructure is already present, and to maximise the recovery from existing producing fields, as well as to develop discovered hydrocarbons that may otherwise be left stranded or uneconomic in the hands of other operators.

Our contribution towards a sustainable world is to ensure the most efficient use of existing facilities and infrastructure, and that reservoirs are more fully depleted than the original owners and stakeholders had envisaged. The greatest possible benefits for everyone can only be achieved when we deliver results that exceed previous expectations. Such an approach requires the highest standards in safety, integrity and environmental performance and we constantly strive to deliver this.

We believe that maximising the value of our assets is a key factor towards a more sustainable world and why sustainability is identified as one of Jadestone Energy's core values. This report provides us with the opportunity to be transparent with all our stakeholders and to describe the work being undertaken at Jadestone to improve how we manage our ESG responsibilities. The report also includes strategic goals to further improve our ESG performance. These goals form the basis of our ESG Key Performance Indicators ("KPI's") that will be measured and managed alongside our operational and financial KPIs and, in the spirit of continuous improvement, will be expanded and improved upon in the future.

Paul Blakeley
Executive Director, President and Chief Executive Officer

Những Ước Mơ Xanh ('Green Dreams') Organisation

Who We Are

Creating Value

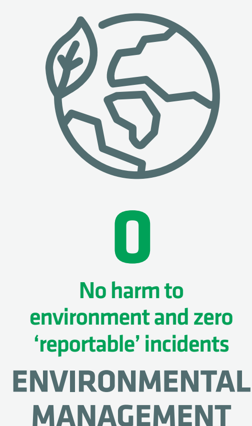
Jadestone Energy Inc. (AIM:JSE) ("Jadestone" or the "Company") is an independent oil and gas company listed on the London Alternative Investment Market ("AIM"). Jadestone's business model focuses on acquiring mid-life producing assets and stranded discoveries in the Asia Pacific region and through significant additional capital investment, maximise reserves recovery and improve operating performance, thereby extending field life beyond any previous expectations and creating significant shareholder value.

Where Do We Operate?

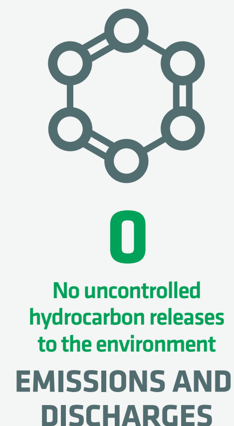
Jadestone is focused solely on the Asia Pacific region, headquartered in Singapore, its principal technical team in Kuala Lumpur and country operations based in Perth, Jakarta, Ho Chi Minh City and most recently in New Plymouth. The Company's asset portfolio includes the 100%-owned producing Montara project, offshore Australia / Timor Sea; the 100%-owned producing Stag oilfield, offshore Australia / North-West Shelf; and a 100% interest in the pre-development Nam Du and U Minh gas fields offshore southern Vietnam. Jadestone is also expanding its footprint into New Zealand following the signing of the Sale and Purchase Agreement with OMV in November 2019 to acquire an operated 69% interest in the Maari and Manaia producing fields, offshore New Zealand.

Jadestone ESG at a Glance

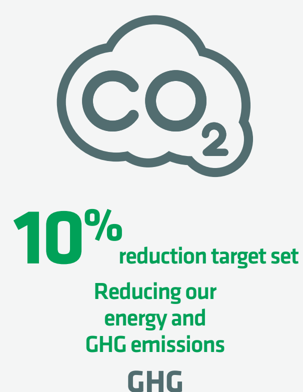
We aim to do it right first time, look for innovative ways to deliver exceptional value, while protecting the people and environments in which we operate. Jadestone strives for excellence, with a target of zero incidents, accidents and impact where possible.



0
No harm to environment and zero 'reportable' incidents
ENVIRONMENTAL MANAGEMENT



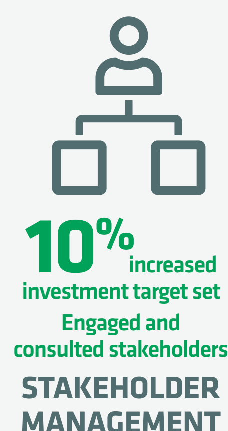
0
No uncontrolled hydrocarbon releases to the environment
EMISSIONS AND DISCHARGES



10% reduction target set
Reducing our energy and GHG emissions
GHG

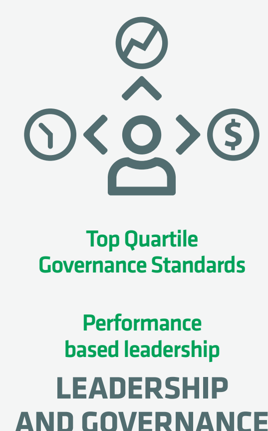
0
A zero lost time injury frequency rate
OH&S

25%
Females in leadership positions
WORKFORCE

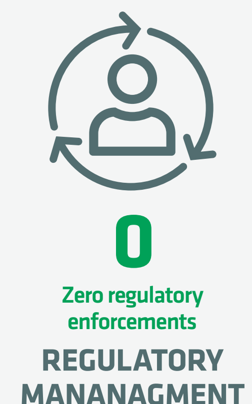


10% increased investment target set
Engaged and consulted stakeholders
STAKEHOLDER MANAGEMENT

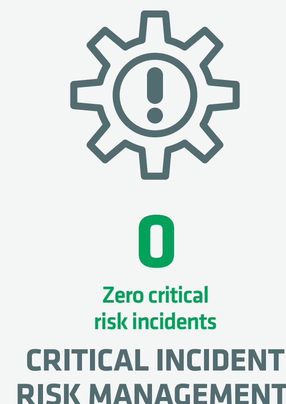
Almost US$ **177** million in operating cashflow before working capital changes
ECONOMIC PERFORMANCE



Top Quartile Governance Standards
Performance based leadership
LEADERSHIP AND GOVERNANCE

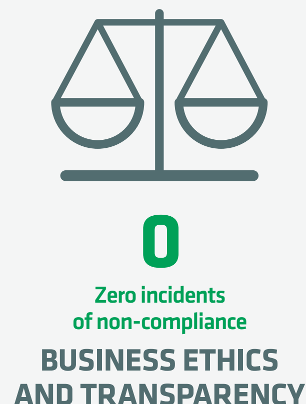


0
Zero regulatory enforcements
REGULATORY MANANAGMENT



0
Zero critical risk incidents
CRITICAL INCIDENT RISK MANAGEMENT

0
Zero tier 1 asset integrity or process safety incidents
ASSET INTEGRITY AND PROCESS SAFETY



0
Zero incidents of non-compliance
BUSINESS ETHICS AND TRANSPARENCY

Gordon Lattimer a production technician on Montara asset

Environmental

- ✓ Excellence in environmental management
- ✓ Reducing our energy and greenhouse gas ("GHG") emissions
- ✓ Providing energy to meet global demand in the most efficient & sustainable way
- ✓ Maximising use of existing infrastructure to reduce industry footprint
- ✓ Continuous improvement in ESG performance

Social and Human Capital

- ✓ Exceptional occupational health and safety culture
- ✓ Promoting workplace diversity
- ✓ Engaged, supported and diverse workforce
- ✓ Improving our understanding of our impact on communities
- ✓ Growing engagement and investment in our communities
- ✓ Local recruitment, including graduates and intern programmes

Governance and Leadership

- ✓ Demonstrating strong leadership and strengthened governance
- ✓ Prioritising asset integrity and process safety
- ✓ Critical incident risk management in place and tested
- ✓ Exceptional regulatory management
- ✓ Excellence in business ethics and transparency
- ✓ Economic contribution to country economies

Sustainability at Jadestone

Jadestone manages its business in line with it's core values, which helps to ensure the business operates in a safe, secure, environmental and socially responsible way. The foundations of people, partnership, operational excellence and efficiency, underpin Jadestone Energy's operations and align closely with the ESG Framework.

Jadestone's system of Company-wide standards, procedures and guidelines, ensures that the risks associated with environmental and social aspects of its operations are managed comprehensively. Through integrated planning and decision-making, Jadestone identifies and prioritises sustainability risks, develops mitigation plans, tracks performance against goals, and adjusts plans as conditions evolve. Depending on the nature of the risks, these are either managed by local business units or at the corporate level.

The business has clear and effective governance structures in place that are supported by policies, standards, procedures and guidelines.

These include:

- HSE Policy;
- Code of Conduct Policy;
- Anti-Bribery and Anti-Corruption Policy;
- Insider Trading Policy;
- Gender and Workplace Diversity Policy; and
- Sustainability Policy.

Ensuring the sustainability of our business is not just about what we do, but how we do it.

Teo Chun Tat and Yeoh Xiao Qi, subsurface team in Kuala Lumpur

Frameworks and Standards

This Sustainability Report presents Jadestone's sustainability performance for the year ending December 31, 2019. It describes how the business performed, the value it created and plans for the future. The Sustainability Report focuses on what matters most to Jadestone Energy stakeholders and the business (see Material Matters).

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option. Guidance prepared by IPIECA (the global oil and gas industry association for environmental and social issues) was also consulted, and the report is aligned to recommendations made by the Task Force on Climate-related Financial Disclosures ("TCFD"), and the Equator Principles ("EP").

The UN Sustainable Development Goals (SDGs)

Jadestone believes it can play a meaningful role in helping to address the UN SDG. Its activities were scored against the SDG's as part of the material mapping process, to measure its contribution to them.

Task Force on Climate-Related Financial Disclosures

Over the past year, Jadestone has taken significant steps to develop its disclosures on climate-related business risk to align with the TCFD.

Equator Principles

The EPs provide a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making. This report aligns with the principles.

Memberships and Ratings

- Platinum Sponsor Member of the Energy Club NT;
- Australian Petroleum Production & Exploration Association; and
- Indonesian Petroleum Association.

Reporting Boundaries

Defining boundaries for sustainability reporting can be challenging due to complex and sometimes changing ownership structures and operational arrangements. Jadestone is committed to being transparent about sustainability reporting boundaries and the effect of any changes in future reporting years.

Reporting boundaries for this report included all Company assets and offices. Where there was not appropriate data available for both the 2018 and 2019 calender year for an asset or office location, this was omitted from the disclosure. As a result, the Stag asset and office in Australia was a focus for many of the environmental disclosures. However, corporate governance and social capital disclosures are reported for the other offices in Asia Pacific. The available data against each disclosure and those omitted are summarised in the table on page 42. Jadestone is committed to collecting more data against the disclosures from across the Jadestone portfolio for future Sustainability Reports.

United Nations Sustainable Development Goals

Những Ước Mơ Xanh ('Green Dreams') Organisation

Material Matters

Jadestone conducted a mapping exercise to identify topics that were of most significance to Jadestone's business and stakeholders, referred to as material matters. The outputs (material matters) from the mapping exercise were used to inform this report and were selected as GRI disclosures and are illustrated below. Jadestone recognises the topics 'of most importance' to stakeholders also demand respect and attention and are referenced and disclosed in this report where data is available.

Materiality Map

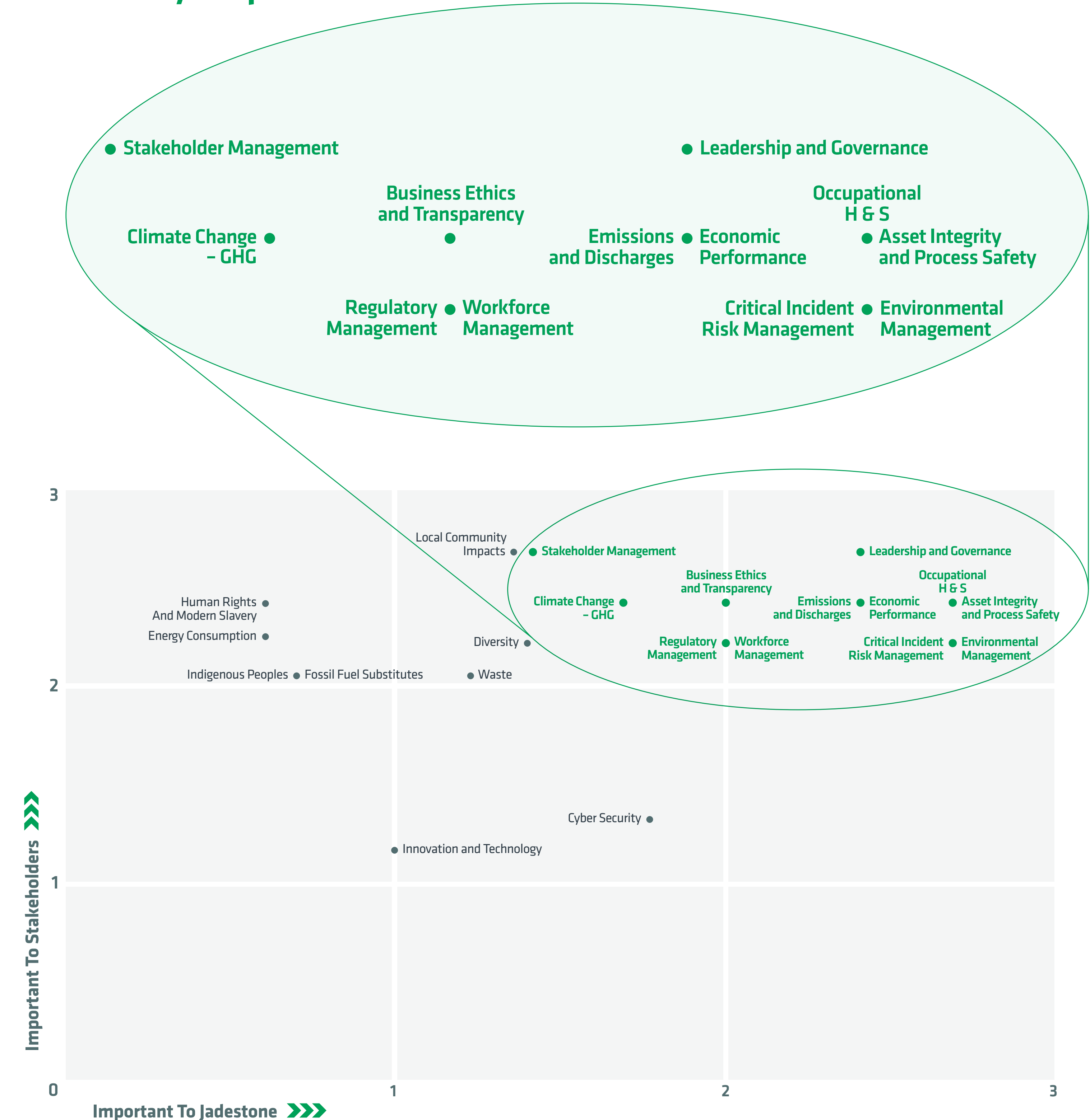


Figure 2: Jadestone's Materiality Map

E.1 | Environmental Management

Jadestone recognises that its development and production activities, including operations at all its facilities, offshore installations, offices and warehouses, have the potential to impact the environment. As a result, environmental management is central to everything within the business. As an operator of oil and gas assets, Jadestone is well aware of its environmental and safety commitments and stewardship responsibilities. This focuses on prevention of spills and discharges, but equally to having effective and reliable emergency response and preparedness systems, including hydrocarbon spill response capability, should it be required.

Jadestone HSE Policy

Jadestone's philosophy is to ensure that health, safety and environmental protection is intrinsic to, and within, our operating activities. The business focusses on those things that deliver top performance and value optimisation while eliminating waste. A focus on HSE performance provides a safe and rewarding work environment for Jadestone employees, and the achievement of sustainable business activities in the local and global communities where they work.

Within the HSE Policy, Jadestone has committed to:

- Promote a strong HSE culture through visible leadership and an engaged, competent workforce aligned with Jadestone's shared values;
- Assess all risks and manage them to as low as reasonably practicable;
- Maintain an ever-improving HSE management system through setting and monitoring performance targets to achieve our aims within a framework of continuous improvement;
- Take all necessary actions to prevent incidents, with an aspiration of targeting zero. Investigate and apply learnings;
- Encourage and promote the ownership of HSE performance by all employees and contractors;
- Ensure all contractor companies working with us have a management system that either equals or exceeds Jadestone's own management system;
- Manage and maintain plant, equipment and machinery to achieve required performance, safety and integrity;
- Openly monitor, evaluate and report HSE performance, and communicate to all relevant stakeholders; and
- Comply with all regulatory requirements as an absolute minimum.

In addition to the overarching Group HSE Policy, the Company has strong local HSE management processes in place wherever the Company operates, in order to understand and manage potential impacts to the environment and local biodiversity, as well as potential cumulative effects through the life cycle of all its assets. The business aims to make the most efficient use of existing facilities, and is also committed to the removal of equipment when production ceases. Robust impact assessment and risk management (which considers the application of the precautionary principle in the event of uncertainty), is a key element to Jadestone's approach, regardless of region or the regulatory regime. Jadestone uses its operational experience to continually improve health, safety and environmental performance.

As a responsible oil and gas operator, Jadestone's environmental management approach includes effective and reliable emergency response and preparedness systems, including hydrocarbon spill response capability (See G.3).

Whale shark spotted by the Nam Du survey vessel

Environmental / HSE Regulatory Management

All regulatory approvals within the jurisdictions where the Company operates have been prepared, obtained, and upheld within the scope of the relevant country legislation (currently Australia and Vietnam). This includes Environmental Impact Statements, Environment Plans, Oil Pollution Emergency Plans and Safety Cases.

In Australia: Annual environmental performance reporting to the regulator is also completed to demonstrate compliance with commitments made in the Company's regulatory approvals documents.

Jadestone has had zero 'reportable*' environmental incidents (hydrocarbon and non-hydrocarbon spills) for the Stag Facility for 2019.

* 'Reportable' meaning no breach of the Environmental Performance Outcomes (or greater than 80 Litres).

In Vietnam: An offshore environmental baseline survey and Environmental Impact Assessment was completed for the Nam Du / U Minh field development, and was approved by the Vietnamese Ministry of Natural Resources and the Environment on December 2, 2019.

This included:

- A social and economic survey;
- Communication with local authority and sensitive areas management teams;
- A forward plan for Environmental and Social Impact Assessment activities to meet regulatory and stakeholder requirements; and
- Compliance with the Equator Principles.

2020 ESG Strategic Corporate Goal

- **Exceptional regulatory management**
  - Target Zero regulatory enforcement notices and zero fines for regulatory breaches

E.2 | Climate Change, Energy and Emissions

Jadestone understands that climate change may affect its stakeholders, its operations and the broader economy, environment and communities in which it operates. As society responds and transitions to a low-carbon economy, the leadership team maintains that Jadestone's contribution towards a more sustainable future is to ensure the most efficient use of existing facilities, while also meeting the ongoing need for energy.

Jadestone's Vietnam Nam Du and U Minh gas field development will also provide natural gas into the growing Vietnamese economy. Natural gas, as a replacement for coal in electricity generation, is a critical part of a credible low-carbon strategy. These two fields have the lowest concentrations of CO_2 of all the discovered resource in the immediate area.

There are many uncertainties in energy transition, including the pace of the transition. New technologies, stricter climate change policies and new entrants and technologies may disrupt the energy industry.

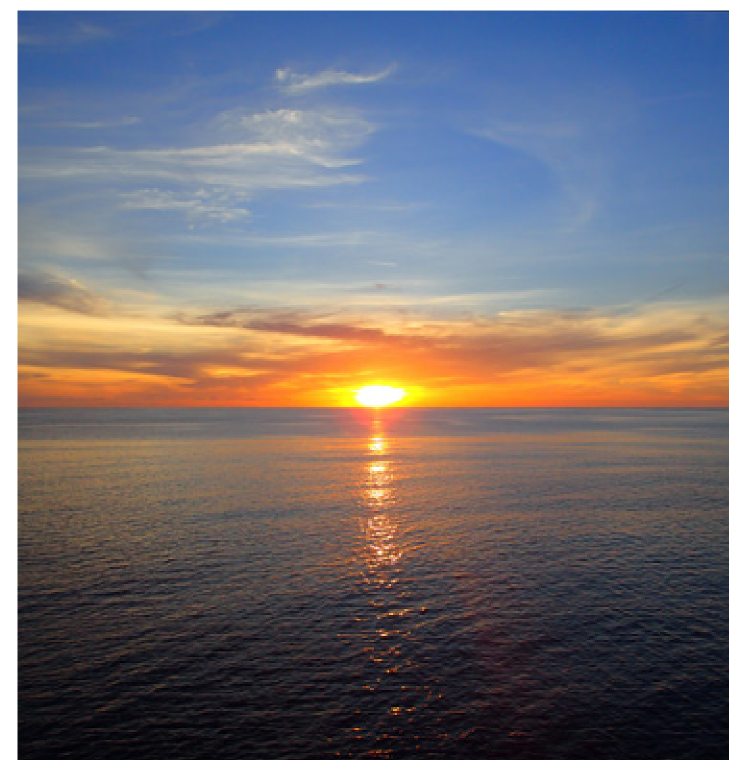
Jadestone believes that nothing prepares the business better for uncertainty than agility and innovation, allowing Jadestone to adapt to a changing energy world.

Case Study – Australia

Each year Jadestone Australia is required to report GHG emissions for its Australian assets under the National Greenhouse and Energy Reporting. Figure E.1 shows the Scope 1 and 2 emissions for the Stag Facility for 2018 and 2019[1,2]. The emissions at Stag are significantly below the 100,000 tonnes of CO_2 level set by the Clean Energy Regulator. Additional assets (e.g. Montara) will be reported in subsequent reports when the Company has two years of data under its operatorship.

[1] Data collected for Stag facility NGERS reporting 1 July to 30 June
[2] No Scope 2 emissions

Sunrise – Montara



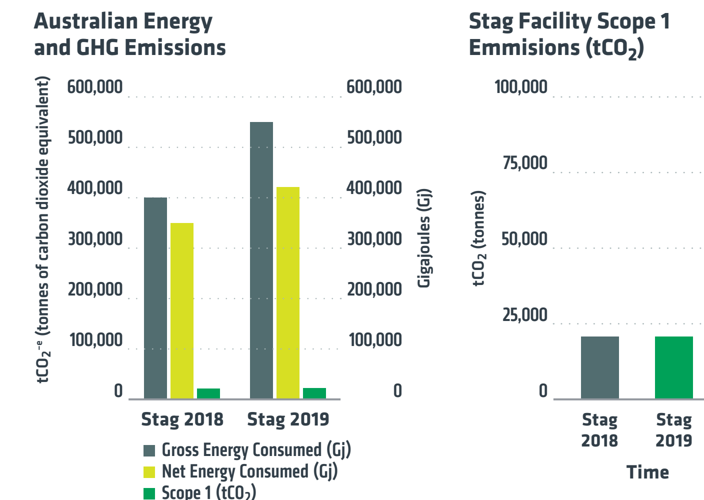


Figure E.1 Australian Stag facility energy consumption and GHG emissions

The identification and development of programmes and projects to reduce flaring and /or other emissions, such as those caused by burning fuel gas, remains a priority for Jadestone. These are all being investigated through the formation of a Climate Change Working Group and an Emissions Reduction Road Map.

Figure E.2 illustrates Scope 1 emissions as well as energy consumption from the Jadestone Energy Australia office between 2018 and 2019[2]. The Perth office was relocated during the reporting time and represents the time period of June 2018 to December 2019. Jadestone continues to introduce energy efficiency initiatives, aimed to reduce energy consumption within the office.

Jadestone Perth Office Energy and GHG Emissions

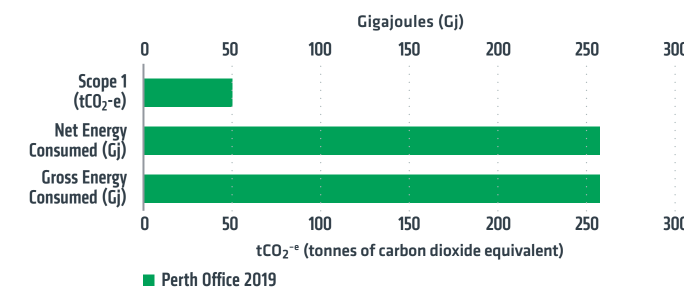


Figure E.2: Australian Perth office energy consumption and GHG emissions

Task Force Climate Disclosure

In 2019, Jadestone took significant further steps to develop disclosures on climate-related business risk to align with the TCFD. The implementation of the Climate Change Working Group will also ensure climate considerations are embedded in Company strategy, decision-making, incentives and reporting.

2020 ESG Strategic Corporate Goal

- **Reducing our energy and GHG emissions**
  - Reduce gas flaring at Montara (GHG emissions) by 10% and reduce diesel usage at Montara by 10%

E.3 | Emissions and Discharges

Every environment has a unique combination of habitats, plant and animal species. A key challenge for Jadestone in managing the potential impact on the marine environment from its offshore facilities, concerns the treatment and discharge of operational waste streams, for example, produced water. Jadestone recognises the importance of appropriate utilisation or disposal of discharges.

Jadestone's main objective for responsible management of produced water is to reduce the oil in water content to as low as reasonably practicable. This is achieved through best practice topside management, which contributes to an overarching adaptive management framework. Changes to the chemical injection regime and full usage of the in-situ slops tanks on the Stag facility have achieved improvements in oil in water concentrations in produced water from near 15mg/L at the beginning of 2019, reducing to around 5mg/L on average. Jadestone ensures that any area of impact from produced water discharge does not compromise management objectives within the relevant Environment Plan for the facility.

The environmental performance outcome for Stag produced water discharges is to achieve the national marine water quality guidelines for protection of 99% of species and the sediment quality ISQG-low values, as defined by ANZECC/ ARMCANZ (2000) at the boundary of the area of impact.

Other routine operational discharges may also cause a localised reduction in water quality, such as a temporary increase in nutrient concentrations, temperature and salinity. Jadestone minimises potential impact due to operational discharges through the efficient use of more environmentally friendly chemicals wherever practicable.

Air Emissions

Jadestone implements management measures including scheduled maintenance of equipment and availability of critical equipment spares, to keep air pollutant emissions from Jadestone operations as low and clean as possible. Programmes and projects to reduce air emissions, such as those caused by burning fuel gas, are regularly assessed for effectiveness and to look for improvements. Jadestone reports to the National Pollution Inventory, the levels of nitrogen oxides ("NOx"), sulphur oxides ("SOx") and Volatile Organic Compounds ("VOC") are all relatively low for the Stag facility (Figure E.3).

Air Emissions for Stag Facility 2018-2019

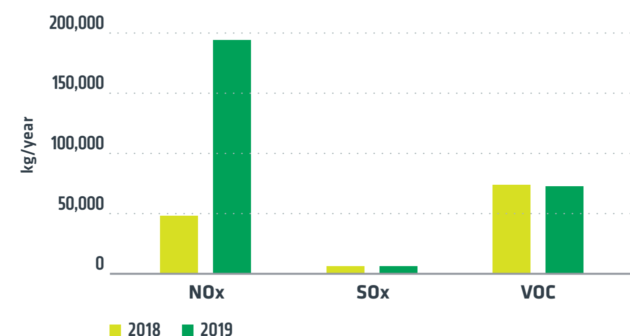


Figure E.3[1] Air emissions for Stag Facility

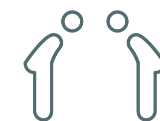
[1] Data collected for National Pollution Inventory data July 1 to June 30

In 2019 a new well was drilled at Stag for the first time in six years. Recorded NOx levels grew in 2019, relative to 2018, due to the associated gas from the 49H infill well first produced in May 2019, and which targeted a different part of the reservoir. All associated gas is flared at the Stag facility. The associated gas from the new well has returned to previous levels.

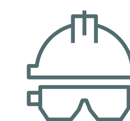
2020 ESG Strategic Corporate Goal

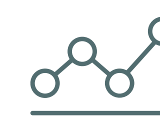
- **Excellence in environmental management**
  - Ensure zero Loss of Primary Containment (Tier 1)
  - Improve overall oil-in-water discharge performance at both facilities by 10% < 30mg/l

Health, Safety & Environment Policy


Respect

Integrity


Safety


Results-Orientated

Sustainability

Passion

Vision

At Jadestone, HSE performance is central to everything we do. Our vision is to ensure that health, safety and environmental performance is intrinsic to our business activities. We focus on those things that deliver top performance while eliminating waste. Together with our Shared Values, a focus on HSE performance provides a safe and rewarding work environment for our people, and achievement of sustainable business activities in our local and global communities.

Responsibility

Everyone who is engaged to work for Jadestone shall be familiar with this policy and its contents.

Everyone must take responsibility for ensuring their own safety, the safety of those around them, and the protection of the environment, by following Jadestone's policies and procedures. That includes taking all necessary precautions and immediately acting upon and reporting any HSE concerns they may have.

Everyone has the right to stop the job and a responsibility to intervene in work or colleague's activities if they feel there is a risk to themselves, their workmates and to the environment.

Execution

To achieve this Jadestone shall:

- Promote a strong HSE culture through visible leadership and an engaged, competent workforce aligned with Jadestone Shared Values;
- Assess all risks and manage them to as low as reasonably practical;
- Maintain an ever-improving HSE management system through setting and monitoring performance targets to achieve our aims;
- Take all necessary actions to prevent incidents, with an aspiration of targeting zero. Investigate and apply learnings;
- Encourage and promote the ownership of HSE performance by all employees and contractors;
- Ensure all contractor companies working with Jadestone have a management system that either equals or exceeds the Company's own management system;
- Manage and maintain plant, equipment and machinery to achieve required performance, safety and integrity;
- Openly monitor, evaluate and report HSE performance, and communicate to all relevant stakeholders; and
- Comply with all regulatory requirements as a minimum.

Figure E.4 Jadestone Energy's HSE Framework

Montara Sunrise

S.1 | Occupational Health and Safety

Health and safety performance is a central focus at Jadestone. The business objective is to provide a safe and rewarding work environment for Jadestone people, and to maintain an exceptional health and safety performance wherever the Company operates.

Case Study – Australian Stag Asset

In Australia, Jadestone's Safety Management System is integrated within the Company's Business Management System, which describes the systems, standards, procedures and behaviours necessary to achieve the desired HSE performance and outcomes. An HSE Committee, which includes representatives from the onshore support office, the offshore workforce and senior management, meets quarterly to review whether standards are being met and to identify opportunities for improvement.

To manage risks and hazards associated with work on the facilities, Jadestone employs an Integrated Safe System of Work ("ISSOW"), which provides a framework through which all work can be safely and uniformly managed. ISSOW achieves this by controlling approval authorities and ensuring oversight of a Permit to Work process, supporting communication between management, team leaders, technicians and work parties, and providing the tools, processes and hardware that allow facilities to perform work safely and efficiently. In addition, ISSOW provides for isolations management, overrides, permitted operations and stand-alone risk assessment process.

All incidents and observations are recorded in an electronic incident management and hazard reporting tool. Investigations and actions that arise from reported events are assigned and tracked. HSE KPIs are set for each facility and reviewed by management on a monthly basis. Records are maintained in the Company's Computerised Maintenance Management System and performance is displayed on each facility notice board for the workforce.

Jadestone approaches safety proactively. In Australia, all personnel visiting site complete Jadestone's formal on-line HSE induction training. Employees and Contractors must also attend a site-specific induction upon arrival offshore and undergo formal helicopter and sea survival training.

Some key achievements for HSE in Australia 2019 included:

- Health, Safety and Environmental performance was managed and measured on a daily basis;
- Revision of the HSE Policy;
- "Safety Mate" - The behavioural based HSE programme;
- The introduction of the HSE Committee;
- The establishment of a comprehensive Competency and Learning Management System; and
- The establishment of an Injury Management database for management of injuries.

Through implementing these measures Jadestone was able to achieve a total recordable incident injury frequency rate of zero incidents per million manhours worked for the Stag facility, compared to the APPEA industry average Total Recordable Injury Frequency Rate of approximately 3.4 incidents per million manhours worked.

The Total Recordable Injury Frequency Rate on Jadestone Stag facility for 2018 and 2019 was zero.

2020 ESG Strategic Corporate Goal

- **Exceptional occupational health and safety culture**
  - Target Zero Recordable Incidents, with continuous improvement year on year (<2)
  - Reduce Medical Treatment Cases by 10% through leadership and culture
  - Provide full time medic to indigenous communities at Truscott during during the COVID-19 pandemic

Wayne Roff, Shay Leahy, Nathan Lee on the Fast Rescue Craft at Montara asset

Offshore crew at Stag, celebrating 7 years without Lost time Injury on Stag

S.2 | Our Stakeholders

Jadestone's overarching business strategy and contribution towards a sustainable world is to ensure the most efficient use of existing facilities to derive the greatest possible benefits for all stakeholders. Jadestone openly communicates with people and organisations which may be affected by business activities. Going beyond the legislated requirements to engage, Jadestone seeks to develop close and long-lasting relationships with its stakeholders and encourages ongoing dialogue.

The Jadestone *Stakeholder Consultation Guideline* describes how Jadestone identifies, maps and engages, depending on the nature of the activity, interest and influence of stakeholders. Jadestone re-maps key stakeholders each time an activity is initiated, or when new issues arise. Over the past year Jadestone has engaged with key stakeholders in a number of ways.

In the material mapping process (described on pg 29) Jadestone has considered the reasonable expectations and interests of stakeholders including employees, shareholders, community and other groups including non-governmental organisations. Jadestone identified its sustainability priorities, to inform the material mapping for this report, through engaging with key internal and external stakeholders. Stakeholder inclusiveness is addressed for Jadestone by collecting information from:

- Targeted consultations with key stakeholders, as part of the regulatory process;
- Annual General Meetings;
- Investor Relations feedback;
- Media; and
- Human Resources.

The Company maintains a constant and active dialogue with its investors and with AIM, a sub-market of the London Stock Exchange. Investor dialogue is facilitated via regular one-on-one investor roadshows and group events, regular published webcasts covering financial results or major corporate events, and an annual capital market review involving a deeper dive on the business and the forward 12 month outlook, as well as ongoing communications with AIM, with our Nominated Advisor (NOMAD), and other ad hoc communications.

Sapura Constructor offshore support vessel at Montara wellhead platform

Jadestone's key social achievements in Asia Pacific for 2019 included:

- Developing a 'Partnerships for Future' programme to strengthen the strategic approach to stakeholder engagement and management across Asia Pacific;
- Material Mapping completed to understand important ESG metrics to the business and stakeholders;
- A social and economic survey conducted in Vietnam to assess the impact on local communities and economies; and
- An independent third-party assessment undertaken for Vietnam to check project compliance with the Equator Principles (page 30).

2020 ESG Strategic Corporate Goal

- **Improving our understanding of our impact on communities**
- **Growing engagement and investment in our communities**
  - Build open relationships with key local stakeholders and communities
  - Develop increasing effort and investment into local social support. Target 10% increase y-on-y
  - Develop a local stakeholder consultation strategy

OUR STAKEHOLDERS	HOW WE ENGAGE
Employees	Presentations, internal news updates, monthly 'connect' meetings, townhalls
Communities	Regular meetings, website, support through community programmes and events, consultation prior to activities
Contractors and suppliers	Regular meetings
Regulators	Regular meetings, representation on industry associations, site visits, ongoing information sharing
Shareholders and investment community	Annual General Meeting, investment conferences, roadshows, webcasts and conference calls, website and social media, direct correspondence and investor presentations
Non-government organisations	Website, representations through industry associations
Media	Website, media releases, contact through dedicated media liaison function
Industry peers	Industry conferences and presentations, representation on industry associations

Community Projects

Partnering With Local NGO In Vietnam To Support Communities

Jadestone Vietnam supported the Những Ước Mơ Xanh ('Green Dreams') Organisation (NUMX) during their mid-Autumn festival celebration programme in 2019. With Jadestone's support, NUMX were able to increase participation from 150 to 400 children from Vinh Hai 1 elementary school in Vinh Chau township, Soc Trang province. Vinh Chau is in one of the poorest areas of the country, where the majority of the local population belong to the minority Khmer ethnic group and is a centre of shallot production. Local farmers suffer from high rates of blindness and other eye diseases caused by shallot farming practices. Jadestone employees supported NUMX to deliver milk and food to the school as well as gifts of lanterns for the children to celebrate the mid-Autumn festival.

Cash for Containers

The Montara facility has been involved in 'Cash for Containers' since 2015. Personnel collect all 600ml water bottles, aluminium cans and soft drink bottles used on the facility. The bottles are donated to the Down Syndrome Association of Northern Territory (Australia) ("DSA-NT"). The DSA-NT workers remove and count the lids and receive Cash for Containers donations equating to about $6,000 a year.

The DSA-NT Cash for Containers programme is a social enterprise which offers employment opportunities for young people with disabilities. The NT Government scheme of paying 10c per unit for recycling containers has created an opportunity to raise funds and awareness. The programme provides casual employment for 12 people.

Supporting Indigenous Communities

Jadestone Australia is currently supporting local indigenous and non-indigenous communities in Darwin, through donations and redundant equipment provided from the warehouse and supply chain group.

Plastic Free July

The grass roots commitment to improving sustainability within Jadestone was demonstrated by employees across Jadestone offices during a 'Plastic Free July' month. There were initiatives developed in all country offices and facilities to reduce waste (especially plastic). This included:

- Discontinued usage of plastic plates, cutlery, and single use bottles, for any catered meetings or events;
- Education and awareness events led by employees;
- Improved recycling within offices; and
- Jadestone keep-cups (travel cups) and canvas shopping bags were provided to employees to reduce personal single use plastic and coffee cups to landfill.

Perth office increased its volume of recycled waste by >30% and reduced landfill by 50%.

These changes were embraced by employees with great success and enthusiasm and have continued throughout the year.

Top photo – School children in Vinh Hai 1 Elementary school in Vinh Chau, Soc Trang province
Bottom photo – Cash for Containers – Darwin Team

Plastic Free July Initiative – Vietnam team

S.3 | Workforce Management

Jadestone offers an innovative and dynamic working environment to its employees. Jadestone looks for individuals who are motivated to challenge the status quo and collaborate to achieve outstanding results. By extending the life of the assets the business acquires, Jadestone also extends the work opportunities for those employed there.

The Jadestone business strategy recognises that developing employees is a key to its ongoing success. Employees are encouraged to actively drive their own career path and to shape their professional development. Figure S.1 provides the breakdown of training hours (average per person) provided to all employees across our regions. There was an increase in the number of training hours provided to employees in 2019 across all employment categories, which is indicative of the growth of the Company over the same period and the implementation of competency assessments. There were more training hours provided to full time employees compared to contractors/fixed term, which reflects the shift towards more full-time employees in the Company. Females received the most training (average hours) across the Asia Pacific region, which is largely due to the high proportion of female permanent employees in the Vietnam office (87%).

Australia – Training & Competency

Training hours (per person) – 2018 & 2019

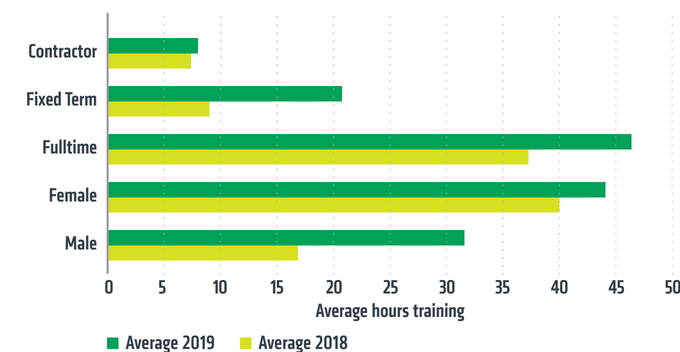


Figure S.1 Training hours (average per person), 2018-2019 for Jadestone, Asia Pacific

In Australia, Jadestone provides training and competency assessments to all our employees through the implementation of role-specific training matrices for office and offshore employees, and through our educational assistance programme and study leave. Jadestone competency training covers:

- Emergency response training;
- Technical skills training (electrical, mechanical, crane operations);
- Vendor specific (specialised equipment);
- Business skills training (auditing, system learning, technical writing);
- Leadership training (coaching, having difficult conversations, regulations); and
- Corporate training (Code of Conduct).

At the end of 2019, Jadestone had 165 permanent employees located at onshore offices and offshore facilities.

2020 ESG Strategic Corporate Goal

- **Promoting workplace diversity**
- **Engaged, supported and diverse workforce**
  - Build a Strong, Diverse and Sustainable Organisation
  - Recruit and train local nationals where possible, and to the highest standards.
  - Provide training programmes for four interns, and recruit two new graduates in 2020.
  - Ensure robust succession plan in place & high retention of 92% with positive feedback.

Những Ước Mơ Xanh ('Green Dreams') Organisation

People and Diversity

While falling outside of Jadestone's material mapping, People and Diversity is recognised as an important metric to the business and our stakeholders. Jadestone celebrates the diversity of its workforce. It has a talent acquisition process, based on merit, but which also takes into account diversity, to ensure the Company develops and maintains an inclusive workforce that is representative of the places the business operates in, and brings a range of knowledge, skills and perspectives to the business. The business strategy identifies diversity and inclusion as important ingredients to making the Company more agile and innovative.

In 2019 Jadestone hired 90 new employees, with over 17% of the new hires being women. This continues to build on Jadestone's commitment to diversity, with women representing 32% of the total onshore workforce (Figure S.2) and 25% of leadership positions at years end. Onshore gender diversity at Jadestone (32%) is above the industry average. The reason that 'all' gender diversity is lower (23%) reflects the nature of the oil and gas industry, in particular the predominance of male employees in offshore roles. This is a common challenge for most oil and gas operators (Eniday 2019). Jadestone's age diversity statistics also demonstrate that there is recognition within the business that there is value in the diversity of experience represented by different age cohorts (Figure S.3).

Jadestone embraces the diversity of its workforce with over twelve nationalities making up the workforce and six across the leadership team.

Jadestone is committed to a workplace culture that promotes the engagement of highly qualified, diverse and motivated individuals across all levels of the organisation. Jadestone does not tolerate any form of workplace harassment, including sexual harassment. This is reinforced through the Code of Conduct and other HR policies. Jadestone's management works to achieve a flat organisational structure with a short and effective chain of command. All of Jadestone's employees and managers are expected to listen, take feedback, be accessible and to work in close cooperation with their colleagues.

Collective Bargaining Agreements

Currently over 80% of Jadestone offshore employees working at the Stag and Montara facilities are under a collective bargaining agreement (or Enterprise Bargaining Agreement) (Stag 25/31 (81%) and Montara 50/60 (83%)).

Gender Diversity (Onshore), 2018–2019

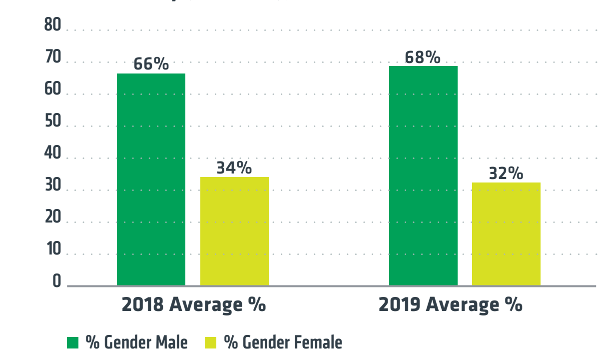


Figure S.2 Onshore gender diversity at Jadestone

Age and Gender Diversity, 2018–2019

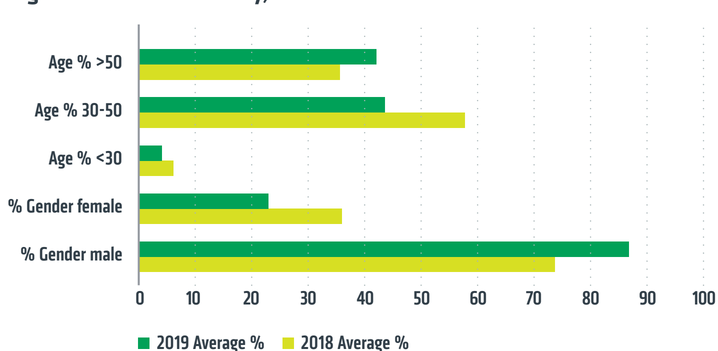


Figure S.3 Age diversity statistics for Jadestone Asia-Pacific

This continues to build on Jadestone's commitment to diversity, with women representing 32% of the total onshore workforce (Figure S.2) and 25% of leadership positions at the year's end. Onshore gender diversity at Jadestone (32%) is above the industry average.

Jun Jun Tan, Aida Bakar and Simon Khor, subsurface team in Kuala Lumpur

G.1 | Business Ethics and Integrity

The Company shares a set of core values – Respect, Integrity, Safety, Results-Orientated, Sustainability and Passion. Each employee is expected to make a commitment to these, and to contribute to protecting and enhancing the Company's reputation. Jadestone's core values underpin the work the business does, and form the foundation of the Code of Conduct.

The composition of the Board of Directors is an important aspect of the business approach to corporate governance. The Board comprises eight members, including a non-executive Chairman. Five of the directors are independent non-executive Directors, who exercise objective judgement in corporate affairs.

Code of Conduct

Jadestone is committed to upholding the highest standards of responsible social and ethical behaviour. All of its employees, contractors and consultants are expected to conduct their activities for Jadestone fairly, ethically, and in a way that protects the Company's reputation. Furthermore, employees have an obligation to observe high standards of integrity and fair dealing.

Jadestone is bound by a Code of Conduct Policy ("the Code") that applies to all employees and contractors. This Code provides the framework of principles for conducting business, dealing with other employees, clients and suppliers. The Code does not replace legislation and if any part of it is in conflict, then legislation takes preference. The Code reflects the Company commitment to a culture of honesty, integrity and accountability.

All Jadestone onshore and offshore employees undertake an e-learning programme on the Code of Conduct on the commencement of their employment. The induction is monitored to ensure a 100% completion rate. Employees are required to complete a refresher on the Code of Conduct every 12 months including affirmation of their compliance with the Code.

Những Ước Mơ Xanh ('Green Dreams') Organisation

Corruption

Jadestone is committed to conducting business in accordance with all applicable laws and regulations and the highest ethical standards in all jurisdictions in which it operates, including with respect to the Corruption of Foreign Public Officials Act and the Criminal Code in Canada and the Bribery Act in the United Kingdom and similar statutes in other countries. To that end, employees, consultants and agents are prohibited from offering, paying, promising, authorising or acquiescing in the giving of any bribe, kick back or other illicit payment, inducement, benefit or thing of value to any individual, directly or indirectly through a third party for the purpose of (a) influencing an act or decision, (b) inducing such individual to do or omit to do any act to affect or influence any act or decision, or (c) securing any concession, contract or other improper advantage, in each case, in order to obtain or retain business or an advantage in the conduct of business in violation of applicable laws of Canada and the United Kingdom and any other anti-corruption laws of any jurisdiction in which the Company does business.

The Company will not authorise, participate in, nor tolerate, any business practice that does not comply with, or that violates, the intent of the Policy.

INCIDENTS OF NON-COMPLIANCE	NUMBER
Number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	0
Significant fines and non-monetary sanctions for non-compliance with laws and regulations	0
Confirmed incidents of corruption	0

Extractive Sector Transparency Measures Act

In accordance with Canada's Extractive Sector Transparency Measures Act, Jadestone prepares a schedule of payments by payee and a schedule of payments by project, to provide to the Minister of Natural Resources Canada and to the Directors of the Company, detailing all cash payments made to a government. The Company reports all payments made by it, on its own behalf and in its role as operator, directly to any government on a gross basis. These schedules are available on the Jadesotone website and are updated annually.

Case Study – Australia

Through Jadestone's corporate governance, cultural values and management systems, the operational performance of Montara was greatly improved in 2019. This was achieved through changes to safety leadership, operational discipline, and quality assurance. Over a nine month period, Jadestone was able to address the requirements of seven enforcement notices issued by the Australian Regulator to the previous Operator.

2020 ESG Strategic Corporate Goal

- **Excellence in business ethics and transparency**
  - Target Zero fines for any regulatory breaches for non-compliance
  - Maintain top Quartile Governance Standards

G.2 | Asset Integrity & Process Safety

In our Australian operations, Asset Integrity and Process Safety Management is described in the Jadestone Australia Business Management system and is regulated in Australia by the Australian National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA).

Process safety incidents, including near misses, are reported and performance is reviewed and managed on an ongoing basis. Some key achievements for the Company in 2019 included:

- Development of a Process Safety Management Framework;
- Upgrade of the Management of Change system;
- Further development of Inhouse Technical Authorities (previously heavily reliant on external third parties);
- No loss of hydrocarbon to environment events; and
- Independent Competent Person review of asset integrity management.

Process safety is assured through the delivery of asset integrity maintenance activities. The results of these activities are regularly reviewed by Jadestone's discipline engineers and Technical Authorities within the business. In addition, process safety performance is reviewed by an Independent Competent Person on a rolling five-year review cycle.

Safety cases for each of the Company's Australian assets describe how Jadestone manages the specific process safety risks for each asset. Compliance with these requirements are subject to Jadestone's assurance and audit processes.

Outside Australia, the same principles are / will be applied even where Safety Cases are not required by local legislation.

2020 ESG Strategic Corporate Goal

- **Critical incident risk management**
  - Zero Loss of Primary Containment (Tier 1)
  - Perform 1 full emergency exercise and minimum 2 desktop exercises to test preparedness

Jack Up rig Ensco 107 operating over the Stag Platform

G.3 | Critical Incident Risk Management

Risk management is a critical component of Jadestone's business process. The Jadestone risk management process is aligned with the requirements of ISO 31000 and addresses risk management at three levels: Business, Facility and Task. The three risk levels are directly related and the risk assessments cascade such that Business level risks set the context for Facility risk assessments, and Facility level risks set the context for Task risk assessments.

- Business level risks are assessed concurrently with the development of the Annual Value Plan, which details the high-level activities over a 12 month reporting period;
- Facility level risks are assessed concurrently with the requirements of key regulatory documents and standards, and are continually reviewed against the context of planned activity over the detailed plan time horizon (typically 90-120 days); and
- Task level risks are assessed ahead of execution of each task, as required by the Integrated Safe System of Work.

Although formal risk assessments are usually discrete exercises typically conducted in workshops, the risk management process is a continuous loop that requires constant dialogue with key stakeholders to ensure a proactive approach. Continuous improvement is a requirement of the Jadestone Business Management System and includes consideration of the effectiveness of the system itself.

Group Crisis Team

Jadestone's Group Crisis Team are responsible for the development of strategies and plans to manage reputation, operability, licence to operate, liabilities and potential financial loss. The Group Crisis Team ("GCT") also provide technical, operational and communication advice to country-level incident management teams or to the wider Jadestone organisation. The GCT have the overall responsibility to liaise with each Country Manager and to develop and approve crisis management strategies and plans.

The GCT also identify, monitor, prioritise and manage domestic and group issues and developments that may have an impact upon the business operations of Jadestone. The GCT follow the Jadestone Crisis Management Plan ("CMP") that sets out to define process/procedures to respond effectively to a major crisis event and provide the framework for the integrated management of a crisis or incident within Jadestone. Specifically, this plan:

- Describes the crisis management structure and organisation for Jadestone;
- Lists the roles and responsibilities for Jadestone and its members;
- Details the call-out response process linking the GCT with the country-level incident management response arrangements; and
- Describes the framework for integrated crisis and incident management.

G4-DMA – Emergency Preparedness

The Jadestone Crisis Management System has been established to address and manage key crisis risks and events with the potential for business disruption, reputation or financial loss. In the event of a Level 3 incident or crisis, the GCT is engaged to identify risk and manage crisis action plans. A key component of the action plan is timely and effective communication to key stakeholders, both internally and externally.

The GCT will be actively engaged with country level Incident Management Teams ("IMT") to address specific country or regional events that directly affect business operations. For example, within Jadestone Australia, an Incident Management Team has been established and is maintained to ensure Jadestone operated assets are fully supported in emergency management. Upon the activation of the country level IMT, the GCT is engaged to determine business risks, exposure and reputational impact.

In 2019, the GCT were engaged to support a mock annual oil spill exercise for Jadestone's Stag field operations in Australia managed by the country level IMT. This allowed the country level IMT to test its incident management processes and also fulfil regulatory commitments. The GCT is engaged on a regular basis to exercise its support to country level IMTs.

2020 ESG Strategic Corporate Goal

- **Economic contribution to county economies**
- **Providing energy in the most efficient and sustainable way**
  - Deliver production at the improved unit cost as agreed in performance targets
  - Deliver capital investment programmes, adding reserves and extending facility life as agreed in performance targets

References

ANZECC/ ARMCANZ (2000) Australian and New Zealand Environment and Conservation Council (ANZECC) & Agriculture and Resource Management Council of Australia and New Zealand (ARMCANZ), Guidelines for Fresh and Marine Water Quality. Australian Government.

GSSB 2016. Global Reporting Initiative (2016) Reporting Principles and Standard Disclosures. Global Sustainability Standards Board www.globalreporting.org/standards.

IPIECA (2015) Oil and gas industry guidance on voluntary sustainability reporting.
UK TCFD (2019) Task Force on Climate-related Financial Disclosures Good Practice Handbook.

Want to know more:

www.jadestone-energy.com

For further information about our sustainability performance visit our sustainability pages and follow us on social media.

Feedback

We welcome your feedback.

Please visit us at www.jadestone-energy.com/contact for all our contact details, or email us directly at contact@jadestone-energy.com

Operations team briefing in the Control Room on the Montara Asset

GRI Disclosure / Material Matters

The table below illustrates the data available for each of Jadestone's Material Matters (and GRI Disclosure).

Reporting boundaries include all operating assets and offices across Asia Pacific, as identified in the Annual Report.

Where there was not appropriate data available for the 2018 and 2019 calendar year for an asset or office location (largely due to new ownership of an asset) this was omitted from the disclosure as shown below.

Jadestone is committed to increased data collection and transparency to support future reports.

	STATUS	ENVIRONMENTAL MANAGEMENT	EMISSIONS AND DISCHARGES	CLIMATE CHANGE	OCCUPATIONAL H & S	WORKFORCE MANAGEMENT	STAKEHOLDER MANAGEMENT	BUSINESS ETHICS AND TRANSPARENCY	ASSET INTEGRITY PROCESS SAFETY	CRITICAL INCIDENT RISK MANAGEMENT
Australia Stag	Operating	✓	✓	✓	✓	✓	✓	✓	✓	✓
Australia Montara	JSE became operator in Aug 2019	✓	•	•	•	✓	✓	✓	•	✓
Australia Perth	Office	✓		✓		✓	✓	✓	✓	✓
Indonesia	No operating assets	✓		•	•	✓	✓	✓		✓
Vietnam Block 46/07 PSC		✓		•	•	✓	✓	✓	•	✓
Philippines Block SC 56 and Block SC 57	No operating assets			•	•	•	✓	✓	•	✓
Singapore	Office / Regional HQ	✓		•		✓	✓	✓	✓	✓
Malaysia Kuala Lumpur Technical & Financial Centre of Excellence	Office	✓		•		✓	✓	✓	✓	✓

HR data includes both employees and contractors

✓ Data available and reported against GRI standard for 2019

• GRI disclosure relevant and will be reported in future years as asset becomes operational and data becomes available

STANDARD DISCLOSURE	DESCRIPTION	REFERENCE
GRI 102: General Disclosures		
ORGANISATIONAL PROFILE		
102-1	Name of organisation	Page 25
102-2	Activities, brands, products and services	Page 25
102-3	Location of headquarters	Page 25
102-4	Location of operations	Page 25
102-5	Ownership and legal form	Page 25
102-6	Markets served	Page 25
102-7	Scale of the organisation	Page 25, https://www.jadestone-energy.com/
102-8	Information on employees and other workers	Page 35, 37, 38
102-9	Supply chain	Page 39
102-10	Significant changes to the organisation and its supply chain	Page 39
102-11	Precautionary principle or approach	Page 30
102-12	External initiatives endorsed	Page 28
102-13	Membership of associations	Page 28
STRATEGY		
102-14	Statement from senior decision-maker	Page 24
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behaviour	Page 28, 39
GOVERNANCE		
102-18	Governance structure	Page 44-57, https://www.jadestone-energy.com/annualreport
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Page 35
102-41	Collective bargaining agreements	Page 38
102-42	Identifying and selecting stakeholders	Page 35
102-43	Approach to stakeholder engagement	Page 35
102-44	Key topics and concerns raised	Page 29
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Page 13, https://www.jadestone-energy.com/annualreport
102-46	Defining report content and topic boundaries	Page 28, 42
102-47	List of material topics	Page 29
102-48	Restatement of information	N/A
102-49	Changes in reporting	N/A
102-50	Reporting period	Page 28
102-51	Date of most recent report	N/A
102-52	Reporting cycle	Page 42
102-54	Contact point for questions regarding the report	Page 41
102-54	Claims of reporting in accordance with the GRI standards	Page 28
102-55	GRI content index	Page 43
102-56	External assurance	N/A
103-1	Explanation of the material topic and its boundary	Page 42
Topic Specific Disclosures		
ECONOMIC CONTRIBUTIONS		
GRI 203:		
203-1	Infrastructure investments and services supported	Page 10
BUSINESS ETHICS AND TRANSPARENCY		
GRI 205: Anti-Corruption		
205-3	Confirmed incidents of corruption and actions taken	Page 39
GRI 206: Anti-Competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Page 39
LEADERSHIP AND GOVERNANCE		
As per general disclosures		
CRITICAL INCIDENT RISK MANAGEMENT		
G4-DMA	Emergency preparedness	Page 40
CLIMATE CHANGE AND GHG EMISSIONS		
GRI305: Emissions		
305-1	Direct (Scope 1) GHG emissions	Page 31
305-2	Energy indirect (Scope 2) GHG emissions	Page 31
305-7	NOx, SOx and other significant air emissions	Page 32
ENVIRONMENTAL MANAGEMENT		
GRI 306: Effluents and Waste		
306-1	Water discharge by quality and destination	Page 32
306-3	Significant spills	Page 30
REGULATORY MANAGEMENT		
GRI 307: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Page 30
ASSET INTEGRITY AND PROCESS SAFETY		
G4-DMA	Asset integrity and process safety	Page 40
OG13	Number of process safety events, by business activity	Page 40
OCCUPATIONAL HEALTH AND SAFETY		
GRI 403: Occupational Health and Safety		
403-1	Occupational health and safety management system	Page 34
403-2	Hazard identification, risk assessment, and incident investigation health and safety	Page 34
403-3	Occupational health services	Page 34
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 34
403-5	Worker training on occupational health and safety	Page 37
403-9	Work-related injuries	Page 34
403-10	Work-related ill health	Page 34
WORKFORCE MANAGEMENT		
GRI 404: Training and Education		
404-1	Average hours of training per year per employee	Page 37
DIVERSITY		
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Page 38

Corporate Governance

Jadestone is committed to upholding the highest standards of governance and responsible, social and ethical behaviour.

Paul Blakeley OBE (Appointed as Executive Chairman June 7, 2016/President and CEO June 15, 2017)

Executive Director, President and Chief Executive Officer

Committee memberships: HSE Committee, Disclosure Committee

Paul commenced at Jadestone in June 2016. Paul holds a BSc. from Bedford College, University of London.

Paul has over 40 years' energy experience, including over 20 years at Talisman Energy Inc ('Talisman'). As Executive Vice President Asia Pacific & Middle East at Talisman, Paul led the building of Talisman's portfolio in Asia Pacific to become the largest upstream independent in the region.

Paul has a long track record of acquiring production and further enhancing value through follow-on development activity.

Directorships of other reporting issuers: None

Cedric Fontenit (Appointed June 7, 2016)

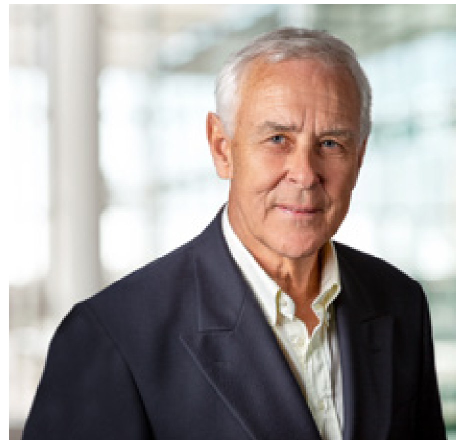
Non-Executive Director (Independent)

Committee memberships: Compensation and Nominating Committee

Cedric has extensive experience in advising on M&A, financing and structuring investments gained from his 20-year career in investment banking and hedge fund industries. Cedric is currently co-founder and managing partner of Amavia Capital, a private investment firm.

He was previously a senior member of the investment team at Tyrus Capital S.A.M. where he had significant investment experience in the oil and gas and mining industries, among others.

Directorships of other reporting issuers: None



Robert Lambert (Appointed May 5, 2011)

Non-Executive Director, Deputy Chairman (Independent)

Committee memberships: HSE Committee, Audit Committee

Robert has 50 years' experience in the international exploration and production business and is formerly CEO and President of TSX-V listed Petra Petroleum Inc.

Robert is MBA-qualified and is a Chartered Geologist (GSL and EFG), having held numerous operational and management positions (during his long career with Conoco Inc from 1978 to 2004) in the US, Europe, North Africa, West Africa, South East Asia and the Caspian region.

More recently, Robert was a Non-Executive Director of AIM-listed Eland Oil and Gas plc from 2012 to 2015 and was Chief Executive Officer of GB Petroleum Ltd. from 2005 to 2010.

Directorships of other reporting issuers: Hillcrest Petroleum Inc.

Iain McLaren (Appointed April 21, 2015)

Non-Executive Director (Independent)

Committee memberships: Compensation and Nominating Committee, Audit Committee

Iain has significant experience in the oil and gas sector and is currently Director, Chair of the Audit Committee and a member of the Remuneration and Nominations committees for Wentworth Resources Plc, as well as a director of Ecofin Global Utilities and Infrastructure Trust Plc.

Iain is a past Senior Independent Director for Cairn Energy Plc, past Chairman of BMO UK High Income Trust Plc (formerly known as F&C UK High Income Trust Plc), past Director of Baillie Gifford Shin Nippon Plc, Edinburgh Dragon Trust Plc, past President of the Institute of Chartered Accountants of Scotland, and was a partner in KPMG for 28 years until 2008.

Directorships of other reporting issuers: Ecofin Global Utilities and Infrastructure Trust Plc; and Wentworth Resources Plc.

Dennis McShane (Appointed December 10, 2017)

Non-Executive Director, Chairman

Committee memberships: Compensation and Nominating Committee

Dennis has over 35 years' experience in finance, oil and gas, and mining sectors in the US, Europe, Africa, and Australia.

Dennis has been involved in numerous transformational corporate transactions both as director or advisor. He was the Executive Director of Strategy for Ophir Energy, plc having previously served as a Senior Independent Director during its Initial Public Offering and Director of Finance and Strategy leading the IPO of Ferrexpo, plc.

Dennis was also previously a Managing Director with JP Morgan Chase and Co. He currently serves as a non-executive director of a private US based service sector company.

Directorships of other reporting issuers: None

David Neuhauser (Appointed June 7, 2016)

Non-Executive Director (Independent)

Committee memberships: None

David has extensive capital markets and M&A experience and is currently founder and managing director of event-driven hedge fund Livermore Partners in Chicago. He has invested in and advised global public companies for the past 21 years and has a strong track record of enhancing intrinsic value through restructuring and strategic initiatives.

Directorships of other reporting issuers: BNK Petroleum Inc.

Lisa Stewart (Appointed December 1, 2019)

Non-Executive Director (Independent)

Committee memberships: HSE Committee, Audit Committee

Lisa has over 30 years of experience in the upstream oil and gas industry in engineering and senior management positions. Lisa has served as Executive Chairman, President and Chief Executive Officer of Sheridan Production Company LLC, Executive Vice President of El Paso Corporation, President of El Paso E&P and Director of Cimarex Energy Co.

Prior to her time at El Paso, Lisa spent 20 years at Apache, including extensive experience in Asia Pacific, leaving in January 2004 as Executive Vice President with responsibility for reservoir engineering, business development, land, environmental, health & safety, and corporate purchasing.

Directorships of other reporting issuers: Cimarex Energy Co.

Dan Young (Appointed as CFO January 18, 2017 / Director August 8, 2018)

Executive Director and Chief Financial Officer

Committee memberships: Disclosure Committee

Dan commenced at Jadestone in 2017. Dan holds a BCom(Hons) from the University of Western Australia, and an MBA(Hons) from the University of Chicago Booth School of Business.

Dan is a Chartered Accountant and a CFA charterholder. Dan has more than 24 years' experience in senior oil and gas and natural resources investment banking, advisory and consulting roles.

Prior to joining Jadestone, Dan was Senior Vice President, and Head of APAC Consulting for Wood Mackenzie. Dan also worked for 13 years in JP Morgan's global energy investment banking coverage and mergers and acquisitions group.

Directorships of other reporting issuers: None

Paul Blakeley OBE

Executive Director, President and Chief Executive Officer

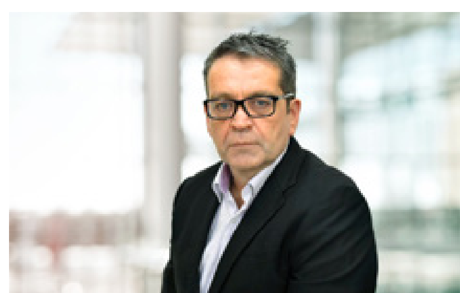
Paul has over 40 years' energy experience, including over 20 years at Talisman Energy Inc ('Talisman'). As Executive Vice President Asia Pacific & Middle East at Talisman, Paul led the building of Talisman's portfolio in Asia Pacific to become the largest upstream independent in the region.

Paul has a long track record of acquiring production and further enhancing value through follow-on development activity.

James Borras

General Manager, Vietnam

James has worked in oil and gas for 24 years within the drilling discipline in various technical, operational, and leadership roles. Prior to Jadestone, James worked for Talisman Energy and BP. For the past 10 years, James has been working as Well Engineering Team Leader on field development projects offshore Vietnam. He has a proven track record in successful project delivery, solid HSE leadership, and excellent interface management within multi-discipline project teams.



Mark Craig

Group Operations Manager

Mark has worked in the oil and gas industry for 26 years in technical and management roles. Mark spent the last 12 years working for Talisman Energy in positions including Senior Operations and Start Up Engineer, Field Manager, Production Manager and General Operations Manager. Mark has a strong technical understanding of petroleum engineering, oil, gas and cryogenic production facilities, economics and operations.

Lucy Dean

Group HR Manager

Lucy has over 25 years' HR experience working in both the Energy Sector and top tier Financial Institutions. Her experience includes business partnering at an international level and coordinating HR activities across multiple geographies. Lucy has spent the last 10 years in Singapore working closely with Asian businesses and prior to that worked in Hong Kong and London.

Nguyen Thanh Ha

Group Commercial Manager

Ha has spent over 15 years working in the oil and gas industry with both BP and Talisman Energy. Ha has significant experience in M&A, operational commercial, project evaluation, strategy and portfolio management. Ha's last seven years were with Talisman Energy where she undertook a regional Business Development and Commercial role for the Company's Asia Pacific portfolio.

Owen Hobbs

Country Manager, Australia

Owen has over 30 years of experience in the upstream oil and gas industry, including leading some of Australia and New Zealand's largest onshore and offshore operations with roles in Boral Energy, Santos, and Origin Energy. He has managed conventional and unconventional assets, provided leadership to cross- functional teams, worked closely with regulators, and been involved in M&A and divestment activities. Prior to Owen's career in the Oil and Gas industry he spent five years with the Royal New Zealand Navy as an Executive Branch officer.

Henning Hoeyland

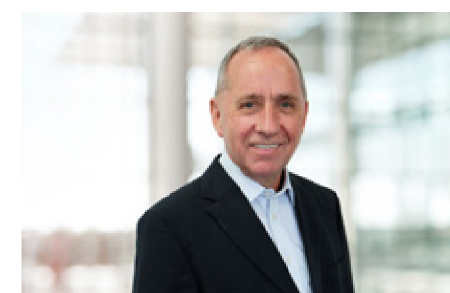
Group Subsurface Manager

Henning has 17 years' experience with Schlumberger and Talisman Energy Inc. in the North Sea and Southeast Asia. His strengths include reservoir engineering with special focus on producing / mature fields.

Michael Horn

Executive Vice President, Corporate and Business Development

Michael has over 26 years' experience in the oil and gas industry, largely in Asia Pacific, with assignments in Vietnam, Malaysia and Singapore, the last 12 of which were with Talisman Energy Inc. He has identified and closed a number of key transactions which were a vital part of Talisman Energy Inc's success in Asia, and has a strong reputation as a dealmaker within Asia amongst industry stakeholders and the investment community.



David Lamb

Country Manager, Indonesia

David has over 36 years' oil and gas industry experience, mostly in Asia. He has a proven track record of operational excellence, particularly with HSE matters, and is also fluent in Bahasa Indonesian. David was previously the country manager of Talisman Energy Inc. Indonesia where he created and executed Talisman Energy Inc.'s "South Sumatera Strategy" – successfully building a leading position with highly prospective acreage in partnership with the national oil company Pertamina.

Neil Prendergast

General Counsel

Neil has significant experience advising on operations, joint venture projects, acquisitions and divestitures within the energy industry and across various jurisdictions including South East Asia, the Middle East, North Africa and North America. Neil previously spent six years as a member of Talisman Energy Inc. Indonesia's senior management team, setting strategy, mitigating risk and ensuring safe and profitable production.

Dan Young

Executive Director and Chief Financial Officer

Dan is a Chartered Accountant and a CFA charterholder. Dan has more than 24 years' experience in senior oil and gas and natural resources investment banking, advisory and consulting roles.

Prior to joining Jadestone, Dan was Senior Vice President, and Head of APAC Consulting for Wood Mackenzie. Dan also worked for 13 years in JP Morgan's global energy investment banking coverage and mergers and acquisitions group.

Introduction

Jadestone, as a British Columbia incorporated company, follows Canadian corporate governance standards. Jadestone believes that an effective corporate governance framework adds value to its business and enhances stakeholder confidence in the Company.

Jadestone is committed to upholding the highest standards of governance and responsible, social and ethical behaviour. Jadestone has implemented a Code of Conduct Policy ("the Code") that applies to all employees and contractors and which provides a framework of principles for conducting business, dealing with other employees, clients and suppliers, and reflects the Company's commitment to a culture of honesty, integrity and accountability.

A copy of the Company's key governance documents, including the Company's Articles of Incorporation, the Code and related policies, are available on the Company's website at www.jadestone-energy.com

Preparing for Montara crude oil offload

Role of the Board

The Board has adopted a charter which establishes the relationship between the Board and management and describes their respective functions and responsibilities.

The Board is responsible for the overall performance of the Company and accordingly takes accountability for monitoring the Company's business and affairs, setting its strategic direction, establishing policies, and overseeing the Company's financial position. The Company's management team, led by the CEO, is responsible for the day-to-day management of the operations of the Company.

Board Composition

As at the date of this Report, the Board consists of two executive directors (the CEO and CFO), and six non-executive directors. The names of the directors, the year of each directors' appointment and their status as independent, non-executive or executive are set out in the Board of Directors section at pages 46 and 47.

Independence

All directors are expected to bring independent views and judgment to the Board's deliberations. The Board has reviewed the position and associations of all directors in office at the date of this Report and considers that a majority of the directors are independent non-executive directors in accordance with Canadian corporate governance standards.

Of the current members of the Board, Iain McLaren, Robert Lambert, David Neuhauser, Cedric Fontenit and Lisa Stewart are considered "independent" within the meaning of NI 52-110 and A. Paul Blakeley, Daniel Young and Dennis McShane are considered not to be independent. Mr. Blakeley is not considered to be independent, due to his role as the President and CEO of the Company, Mr. Young is not considered to be independent, due to his role as the CFO of the Company and Mr. McShane is not considered to be independent, due to his role as the Chairman of the Company.

Chairman's role

The Chairman of Jadestone sets the tone for the Company and is responsible for:

(a) leadership of the Board;
(b) setting the agenda for Board meetings in conjunction with the CEO and Company Secretary;
(c) overseeing the provision by management to directors of accurate, timely and clear information;
(d) efficient organisation and conduct of the Board's function, including by:
    (i) facilitating effective contribution of all directors;
    (ii) promoting constructive and respectful relations between directors and between the Board and senior management; and
    (iii) managing the Board to ensure that sufficient time is allowed for discussion;
(e) chairing meetings of members; and
(f) speaking for the Board between its meetings including engaging with the CEO and reporting to the Board on decisions and actions taken between meetings of the Board;

CEO's role

The CEO, as the leader of the executive management team, is responsible for:

(g) managing the day to day affairs of the Company;
(h) leading the Company's performance and maintaining a dialogue with the Chairman on key strategic issues;
(i) monitoring the performance of the Company's executives;
(j) implementing the Board's decisions, policies and strategies and reporting to the Board on the affairs of Jadestone or as directed by the Board;
(k) developing, implementing and monitoring the strategic, business and financial plans for the Company; and
(l) ensuring effective communication with shareholders and key stakeholders.

Non Executive Directors' role

The non-executive directors bring independent judgement to the Board's deliberative processes and constructively challenge the performance of the Company's executive management team in the delivery of the Company's agreed objectives and targets.

Company Secretary's role

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed by the Company. All directors have direct access to the Company Secretary.

Audit Committee

The Audit Committee's purpose is to ensure that the Company adopts and follows a policy of proper and timely disclosure of material financial information and to review the key risks affecting the financial position of the Company. The Audit Committee's responsibilities include the following:

(a) reviewing and reporting to the Board on the Financial Statements of the Company, and reviewing significant financial reporting judgments before they are publicly disclosed;
(b) reviewing the Company's internal financial control system;
(c) monitoring and reviewing the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
(d) reviewing and assessing the corporate risk management framework for identifying, monitoring and managing significant business risks that could impact financial reporting; and
(e) overseeing the work undertaken by the Company's independent third party reserves evaluator.

As at the date of this Report, and in accordance with Canadian corporate governance standards, the Audit Committee is constituted entirely of independent non-executive directors, namely, Iain McLaren (Chairman), Robert Lambert and Lisa Stewart.

Key matters considered by the Audit Committee in 2019

During the Reporting Period, the Committee's principal focus areas were:

- Quarterly Financial Statements;
- Full Year Financial Statements;
- Management's Discussion and Analysis in respect of all Financial Statements;
- Year-end reserves report;
- Auditor independence;
- Internal controls and risk management; and
- Going concern assessment.

Compensation and Nomination Committee

The Compensation and Nominating Committee's purpose is to ensure that the compensation of directors, employees and officers is set appropriately based on industry data with the goal of attracting, retaining and motivating key management personnel to ensure the long-term success of the Company.

The Compensation and Nominating Committee responsibilities include the following:

(a) annually reviewing and making recommendations with respect to executive remuneration including short term and long term incentives;

(b) identifying individuals qualified to become new Board members; and

(c) annually assessing the contribution and effectiveness of each director, as well as the competencies and characteristics each director is expected to bring to the Board.

As at the date of this Report, the Compensation and Nominating Committee is constituted entirely of independent non-executive directors, namely, Cedric Fontenit (Chairman), Iain McLaren and Dennis McShane.

Key matters considered by the Compensation and Nomination Committee in 2019

During the Reporting Period the Committee's principal focus areas were:

- Executive remuneration and the award of Short Term Incentives ("STIs") and Long Term Incentives ("LTIs");
- NED remuneration;
- The structure of the Company's LTI plans;
- Board composition and succession planning; and
- The appointment of Lisa Stewart as an independent non-executive director.

HSE Committee

The HSE Committee's purpose is to support the Board's oversight of health, safety, community and environmental related matters. The HSE Committee's responsibilities include the following:

(a) formulating the Group's policies and systems for identifying and managing health, safety, social/communities and environmental risks within the Group's operations;

(b) evaluating the effectiveness of the Group's policies and systems for identifying and managing health, safety, social/communities and environmental risks within the Group's operations;

(c) assessing the policies and systems within the Group for ensuring compliance with health, safety, social/communities and environmental regulatory requirements; and

(d) assessing the performance of the Group with regard to the impact of health, safety, environmental and social/community relations decisions and actions upon employees, communities and other third parties.

As at the date of this Report, the HSE Committee is constituted by a majority of independent non-executive directors. Robert Lambert and Lisa Stewart are independent and Paul Blakeley is non-independent.

Key matters considered by the HSE Committee in 2019

During the Reporting Period the Committee reviewed:

- the Company's safety management system; and
- the Company's safety performance against industry benchmarks.

Disclosure Committee

The purpose of the Disclosure Committee is to assist the Board in:

(a) fulfilling its responsibilities in respect of the Company's disclosure obligations arising under the Market Abuse Regulation (EU) No. 596/2014, the AIM Rules for Companies, the Disclosure Guidance and Transparency Rules sourcebook published by the FCA, Canadian corporate governance standards, including those contained in National Instrument 51-102, and other applicable law; and

(b) establishing and maintaining adequate procedures, systems and controls to enable the Group to comply with its disclosure obligations.

As at the date of this Report, the Disclosure Committee is constituted by Paul Blakeley and Dan Young.

Key matters considered by the Disclosure Committee in 2019

During the Reporting Period the Committee considered:

- The Company's processes for periodic and continuous disclosure; and
- The Company's Insider Trading Policy and other related policies and procedures.

Gordon Lattimer, a production technician on Montara asset

Board and Committee Attendance

The table below shows a summary of directors' attendance at Board and committee meetings for the period from January 1, 2019 to December 31, 2019.

NAME AND POSITIONS HELD IN THE COMPANY	BOARD	AUDIT COMMITTEE	COMPENSATION AND NOMINATING COMMITTEE	HEALTH, SAFETY, SECURITY & ENVIRONMENT COMMITTEE	DISCLOSURE COMMITTEE
A. Paul Blakeley *Director, President and Chief Executive Officer*	5 of 5	N/A	N/A	2 of 2	1 of 1
Daniel Young *Director and Chief Financial Officer*	5 of 5	N/A	N/A	N/A	1 of 1
Dennis McShane *Director and Chairman*	5 of 5	N/A	3 of 4	N/A	N/A
Iain McLaren *Director*	5 of 5	4 of 4	4 of 4	N/A	N/A
Eric Schwitzer (1) *Director*	4 of 4	4 of 4	4 of 4	N/A	N/A
Robert Lambert *Director and Deputy Chairman*	5 of 5	4 of 4	N/A	2 of 2	N/A
David Neuhauser *Director*	5 of 5	N/A	N/A	N/A	N/A
Cedric Fontenit *Director*	5 of 5	N/A	4 of 4	N/A	N/A
Lisa Stewart (2) *Director*	1 of 1	N/A	N/A	N/A	N/A

Notes:

(1) Mr. Schwitzer stepped down as a director of the Company on November 30, 2019. Mr. Schwitzer attended all Board meetings, Audit Committee meetings and Compensation and Nominating Committee meetings held prior to his resignation.

(2) Ms. Stewart was appointed as a director of the Company on December 1, 2019 and has attended the one Board meeting since her appointment.

Continuing Education

The Board's practice is to only recruit persons with extensive experience in the oil and gas industry or with significant experience in either managing or advising publicly listed companies. Prospective new Board members are provided detailed background information on the Company's affairs and plans, prior to their appointment as a director.

Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves abreast of industry trends and developments and changes in legislation.

Independent Advice

Directors, as a condition of their engagement, have access to independent advice as required, as well as direct access to the Company Secretary.

Directors' and Officers' Liability Insurance and Indemnification

The Company has in place deeds of indemnity with all of its directors and officers under which the Company agrees to indemnify its directors and officers against all costs, charges, losses and liabilities incurred by them in the lawful execution of their duties. The Company also has a Directors' and Officers' liability insurance policy.

Ethical Business Conduct

The Board encourages and promotes a culture of ethical business conduct through communication and supervision as part of its overall stewardship responsibility. In addition to the Company's Code of Conduct, the Board has adopted other policies including an Insider Trading Policy and a Whistleblower Policy in order to promote a culture of ethical conduct.

Shareholder Engagement

Shareholders are invited to the Annual General Meeting where Board members are available to take questions. Beyond the Annual General Meeting, the Chair, Chief Executive Officer and Chief Financial Officer and where appropriate, other members of the senior management team meet regularly with investors (including institutional shareholders) and analysts through investment conferences, roadshows, webcasts and conference calls, website and social media engagement, direct correspondence and investor presentations to actively build the relationship, provide updates on the Company's business and to obtain feedback regarding the market's expectations for the Company. Feedback is discussed at every Board meeting.

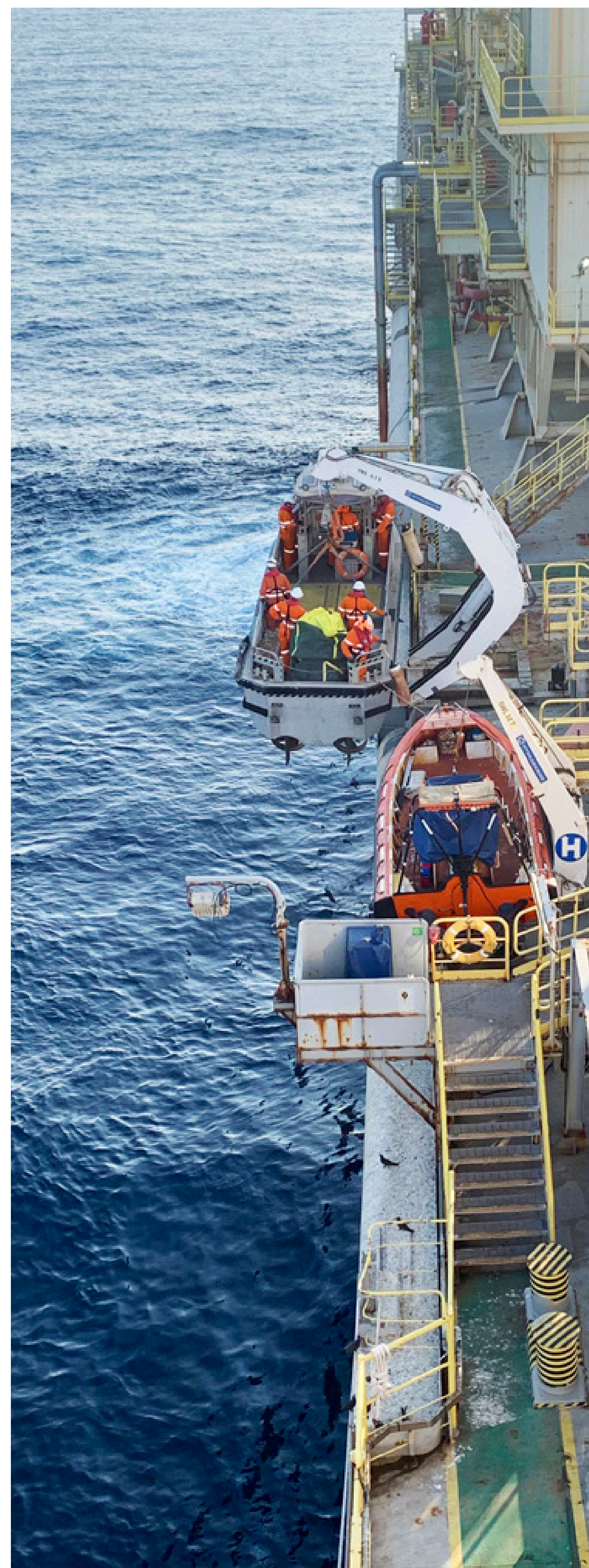
Number of Directors and Election of Directors

At the Annual General and Special Meeting held on May 15, 2019 the Company's Shareholders approved a resolution fixing the number of directors at eight. The Board intends to recommend to Shareholders at the upcoming AGM scheduled for June 18, 2020 that this number of directors be retained.

The Board considers that given the size and scale of the Company's operations and the blend of skills and experience of the existing directors, this is an appropriate number of directors in the Company's current context. The Board reviews its composition annually as an assurance measure to ensure that it is an appropriate size and has an appropriate mix of skills and experience.

The directors of the Company are elected annually and hold office until the next annual general meeting of the Shareholders, unless they retire prior to their re-election. When a casual vacancy arises in the context of a retirement, the Board is entitled to appoint a director who remains in office until the next annual general meeting.

Montara Venture FPSO



Remuneration report

Director and Named Executive Officer Compensation

The following information is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*. For the purposes of this Report:

"CEO" of the Company means each individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year.

"CFO" of the Company means each individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year.

"NEO" or "named executive officer" means each of the following individuals:

(a) a CEO;

(b) a CFO;

(c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation*, for that financial year; and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

Effective November 30, 2019, Mr. Schwitzer stepped down as a director of the Company. Lisa Stewart was appointed as a director of the Company effective December 1, 2019. As at December 31, 2019, the Company had three NEOs, being A. Paul Blakeley, the President and CEO, Daniel Young, the CFO and Michael Horn, the Executive Vice-President of Corporate and Business Development and the former Interim CEO, and eight directors, being A. Paul Blakeley, Daniel Young, Dennis McShane, Iain McLaren, Robert Lambert, David Neuhauser, Cedric Fontenit and Lisa Stewart.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company and its subsidiaries, excluding compensation securities, to each NEO and director, in any capacity, for the year ended December 31, 2019.

Table of Compensation Excluding Compensation Securities

NAME AND POSITION	YEAR	SALARY, CONSULTING FEE, RETAINER OR COMMISSION (US$)	BONUS (US$)	COMMITTEE OR MEETING FEES (US$)	VALUE OF PERQUISITES [1] (US$)	VALUE OF ALL OTHER COMPENSATION (US$)	TOTAL COMPENSATION (US$)
A. Paul Blakeley *Director, President and CEO*	2019	500,000	585,000	Nil	566,926	Nil	1,651,926
Daniel Young *Director and CFO*	2019	320,000	198,400	Nil	363,538	Nil	881,938
Michael Horn *Executive Vice President, Corporate and Business Development*	2019	320,000	217,600	Nil	396,196	Nil	933,796
Dennis McShane *Director and Chairman*	2019	125,000	Nil	5,000	Nil	Nil	130,000
Iain McLaren *Director*	2019	56,250	Nil	25,000	Nil	Nil	81,250
Eric Schwitzer [2] *Director*	2019	56,250	Nil	10,000	Nil	1,369	67,619
Robert Lambert *Director and Deputy Chairman*	2019	56,250	Nil	12,500	Nil	Nil	68,750
David Neuhauser *Director*	2019	56,250	Nil	Nil	Nil	Nil	56,250
Cedric Fontenit *Director*	2019	56,250	Nil	10,000	Nil	Nil	66,250
Lisa Stewart [3] *Director*	2019	5,000	Nil	833	Nil	Nil	5,833

Notes:

(1) Includes cost of living differential, foreign service allowance, international talent allowance and pension allowance, as well as education, housing, utilities and wellness subsidies (benefits in kind).

(2) Mr. Schwitzer stepped down as a director of the Company on November 30, 2019.

(3) Ms. Stewart was appointed as a director of the Company on December 1, 2019.

Compensation Securities

NAME AND POSITION	TYPE OF COMPENSATION SECURITY	NUMBER OF COMPENSATION SECURITIES, NUMBER OF UNDERLYING SECURITIES, AND PERCENTAGE OF CLASS	DATE OF ISSUE OR GRANT	ISSUE, CONVERSION OR EXERCISE PRICE (C$)	CLOSING PRICE OF SECURITY OR UNDERLYING SECURITY AT YEAR END (C$)	EXPIRY DATE
A. Paul Blakeley [1] *Director, President and CEO* *Former Executive Chairman*	Stock Options	1,200,000 Options representing 1,200,000 underlying Common Shares 0.26%[2]	March 29, 2019	C$0.85	C$1.59	March 28, 2029
Daniel Young [3] *Director and CFO*	Stock Options	750,000 Options representing 750,000 underlying Common Shares 0.16%[2]	March 29, 2019	C$0.85	C$1.59	March 28, 2029
Michael Horn [4] *Executive Vice President, Corporate and Business Development* *Former Interim CEO*	Stock Options	750,000 Options representing 750,000 underlying Common Shares 0.16%[2]	March 29, 2019	C$0.85	C$1.59	March 28, 2029
Dennis McShane [5] *Director and Chairman*	Stock Options	100,000 Options representing 100,000 underlying Common Shares 0.02%[2]	March 29, 2019	C$0.85	C$1.59	March 28, 2029
Iain McLaren [6] *Director*	Stock Options	75,000 Options representing 75,000 underlying Common Shares 0.02%[2]	March 29, 2019	C$0.85	C$1.59	March 28, 2029
Eric Schwitzer [7] *Director*	Stock Options	75,000 Options representing 75,000 underlying Common Shares 0.02%[2]	March 29, 2019	C$0.85	C$1.59	November 29, 2020
Robert Lambert [8] *Director and Deputy Chairman*	Stock Options	75,000 Options representing 75,000 underlying Common Shares 0.02%[2]	March 29, 2019	C$0.85	C$1.59	March 28, 2029
David Neuhauser [9] *Director*	Stock Options	75,000 Options representing 75,000 underlying Common Shares 0.02%[2]	March 29, 2019	C$0.85	C$1.59	March 28, 2029
Cedric Fontenit [10] *Director*	Stock Options	75,000 Options representing 75,000 underlying Common Shares 0.02%[2]	March 29, 2019	C$0.85	C$1.59	March 28, 2029
Lisa Stewart [11] *Director*	Stock Options	75,000 Options representing 75,000 underlying Common Shares 0.02%[2]	December 3, 2019	C$1.17	C$1.59	December 2, 2029

Notes:

(1) As of the last day of the most recently completed financial year end, Mr. Blakeley held a total of 4,700,000 options which were granted on June 7, 2016, March 28, 2017, March 29, 2018, July 29, 2018 and March 29, 2019. Of these options, 500,000 granted on June 7, 2016 vest (or have vested) in four instalments with 125,000 vesting on the date of grant, 125,000 vesting on June 7, 2017, 125,000 vesting on June 7, 2018 and the remainder vesting on June 7, 2019. All other options vest (or have vested) over a period of three years in equal installments from the date of the grant.

(2) Represents the percentage of the issued and outstanding Common Shares of the Company as at December 31, 2019.

(3) As of the last day of the most recently completed financial year end, Mr. Young held a total of 1,950,000 options which were granted on March 28, 2017, March 29, 2018, July 29, 2018 and March 29, 2019. All options vest (or have vested) over a period of three years in equal installments from the date of the grant.

(4) As of the last day of the most recently completed financial year end, Mr. Horn held a total of 2,250,000 options which were granted on June 7, 2016, March 28, 2017, March 29, 2018, July 29, 2018 and March 29, 2019. Of these options, 250,000 granted on June 7, 2016 vest (or have vested) in four instalments with 62,500 vesting on the date of grant, 62,500 vesting on June 7, 2017, 62,500 vesting on June 7, 2018 and the remainder vesting on June 7, 2019. All other options vest (or have vested) over a period of three years in equal installments from the date of the grant.

(5) As of the last day of the most recently completed financial year end, Mr. McShane held a total of 345,000 options which were granted on December 10, 2017, March 29, 2018 and March 29, 2019. All options vest (or have vested) over a period of three years in equal installments from the date of the grant.

(6) As of the last day of the most recently completed financial year end, Mr. McLaren held a total of 475,000 options which were granted on April 21, 2015, March 28, 2017, March 29, 2018 and March 29, 2019. Of these options, 250,000 granted on April 21, 2015 were not subject to vesting provision and they were immediately exercisable for a period of ten years from the date of grant. All other options vest (or have vested) over a period of three years in equal installments from the date of the grant.

(7) As of the last day of the most recently completed financial year end, Mr. Schwitzer held a total of 425,000 options which were granted on April 21, 2015, March 28, 2017, March 29, 2018 and March 29, 2019. Mr. Schwitzer stepped down as director of the Company on November 30, 2019 and therefore all options have vested and they were immediately exercisable until November 29, 2020.

(8) As of the last day of the most recently completed financial year end, Mr. Lambert held a total of 375,000 options which were granted on April 21, 2015, March 28, 2017, March 29, 2018 and March 29, 2019. Of these options, 150,000 granted on April 21, 2015 were not subject to vesting provision and they were immediately exercisable for a period of ten years from the date of grant. All other options vest (or have vested) over a period of three years in equal installments from the date of the grant.

(9) As of the last day of the most recently completed financial year end, Mr. Neuhauser held a total of 225,000 options which were granted on March 28, 2017, March 29, 2018 and March 29, 2019. All options vest (or have vested) over a period of three years in equal installments from the date of the grant.

(10) On March 28, 2017 Mr. Fontenit was granted 100,000. Mr. Fontenit waived his right to these 100,000 options on April 27, 2017, and the 100,000 options were subsequently cancelled. As of the last day of the most recently completed financial year end, Mr. Fontenit held a total of 75,000 options which were granted on March 29, 2019. All options vest (or have vested) over a period of three years in equal installments from the date of the grant.

(11) As of the last day of the most recently completed financial year end, Ms. Stewart held a total of 75,000 options which were granted on December 3, 2019. Such options shall vest upon the third anniversary of the grant date, i.e. on December 3, 2022.

Exercise of Compensation Securities by NEOs and Directors

No director or NEO exercised any compensation securities, being solely comprised of stock options, during the Company's most recently completed financial year ended December 31, 2019.

Long-Term Incentive Plans

In order to attract and retain qualified personnel, provide incentives and rewards to directors, employees and consultants of the Company or its subsidiaries, and to align the interests of such directors, employees and consultants with those of the Shareholders, the directors of the Company have adopted the Stock Option Plan ("**Stock Option Plan**"), the Performance Share Plan 2019 ("**Performance Share Plan**") and the Restricted Share Plan 2019 ("**Restricted Share Plan**") (the Stock Option Plan, the Performance Share Plan and the Restricted Share Plan together, the "**LTI Plans**"), to allow the Company to grant long-term incentive, including stock options, performance shares and restricted shares (together, the "**LTI**") to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the growth of the Company. The granting of such LTI is intended to align the interests of such persons with that of the Company and is common industry practice.

The directors of the Company have adopted "rolling" LTI Plans that allow the Company to issue up to a maximum of 10% of the Company's issued and outstanding Common Shares at any given time. In accordance with TSX Venture Exchange (the "**Exchange**") policies, a plan with a rolling 10% maximum must be confirmed by Shareholders of the Company at each annual general meeting. The LTI Plans were last approved and confirmed by the Shareholders of the Company at the annual general meeting on May 15, 2019.

Starting in 2020, the Company is implementing a three year transition away from Stock Option Plan awards in favour of Performance Share Plan awards. The 2020 LTI is expected to be comprised of 75% Stock Option Plan awards and 25% Performance Share Plan awards.

As specified in the Performance Share Plan, annual performance targets for the Company are established by the Nominating and Compensation Committee and are set out in an annual performance contract for the CEO. The 2020 performance contract is based on a collection of key metrics intended to represent comprehensive success of the business, with a weighting of 40% toward achieving operational targets, 20% toward delivering continuous improvement in ESG performance, 20% toward delivering per share accretive growth and 20% toward creating sustainable shareholder value.

NAME AND PRINCIPAL POSITION	TERMINATION AND TERMINATION OR RESIGNATION WITHIN 12 MONTHS OF CHANGE OF CONTROL.
A. Paul Blakeley [2] *Director, President and Chief Executive Officer*	Twenty-four (24) times the Officer's monthly salary; two (2) times the Annual Performance Pay Target (the Annual Performance Pay Target Amount in respect of the year preceding the date of notice, if the date of notice precedes the date upon which such performance pay amount would have been paid and, a pro-rata portion of the Annual Performance Pay Target Amount in respect of that portion of the current year to the date of notice) and an amount equivalent to US$500,000 as compensation for the loss of expatriate benefits and all other benefits over the period of twenty-four (24) months Legal and Taxation counselling services to a maximum of US$30,000
Michael Horn *Executive Vice President, Corporate and Business Development*	Twelve (12) times the Officer's monthly salary; two (2) times the Annual Performance Pay Target (the Annual Performance Pay Target Amount in respect of the year preceding the date of notice, if the date of notice precedes the date upon which such performance pay amount would have been paid and, a pro-rata portion of the Annual Performance Pay Target Amount in respect of that portion of the current year to the date of notice) and an amount equivalent to US$100,000 as compensation for the loss of expatriate benefits and all other benefits over the period of twenty-four (24) months Legal and Taxation counselling services to a maximum of US$20,000
Daniel Young [3] *Director and Chief Financial Officer*	Twelve (12) times the Officer's monthly salary; two (2) times the Annual Performance Pay Target (the Annual Performance Pay Target Amount in respect of the year preceding the date of notice, if the date of notice precedes the date upon which such performance pay amount would have been paid and, a pro-rata portion of the Annual Performance Pay Target Amount in respect of that portion of the current year to the date of notice) and an amount equivalent to US$100,000 as compensation for the loss of expatriate benefits and all other benefits over the period of twenty-four (24) months Legal and Taxation counselling services to a maximum of US$20,000

Notes:

(1) The Company may terminate a NEO's employment and pay the NEO a pro-rated amount equal to the NEO's basic salary in lieu of the NEO's notice period or any unexpired portion of it. Notice or salary in lieu of notice will not apply where the NEO is terminated for misconduct.

(2) The NEOs are entitled to exercise any vested share options as at the Termination or End Date for a period of 90 days following that date. Any unvested options will automatically lapse on the Termination or End Date.

(3) The NEOs are entitled to their full bonus in respect of the year in which the Change of Control occurs.

(4) The NEOs are entitled to a bonus in the year they cease to be employed by the Company, calculated on a pro-rated basis for that year for the period commencing at the beginning of the year and ending on their End Date.

Montara platform

Consolidated Financial Statements

for the years ended December 31, 2019 and December 31, 2018

Management's Report

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

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

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

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

These financial statements were approved by the directors and authorised for issue on April 23, 2020.

A. Paul Blakeley
Director
April 23, 2020

Daniel Young
Director
April 23, 2020

Independent Auditor's Report

To The Shareholders Of Jadestone Energy Inc.

Opinion

We have audited the accompanying consolidated financial statements of Jadestone Energy Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial positions of Jadestone Energy Inc. as at December 31, 2019 and 2018, and of its financial performance and its cash flows for the year ended December 31, 2019 and 2018, in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accountant Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Impairment assessment of oil and gas properties As at December 31, 2019, the Group recorded US$383.0 million of oil and gas properties and US$59.0 million of right-of-use assets associated with these properties, which approximate 51% and 8% respectively relative to the Group's total assets. Management performed an assessment of the internal and external factors of the oil and gas properties' carrying values to determine whether there is any indicator of impairment. Based on management's assessment, there were no impairment indicators identified as at 31 December 2019. Notwithstanding the above, as the oil and gas properties is a material component of the Group's total assets, management further assessed recoverability of its oil and gas properties by looking at future cash flows from the respective oil and gas properties ("Financial Model") at December 31, 2019 and its future plans for these assets. Management, who is ultimately responsible to the third party estimates, have also engaged an independent qualified person to estimate, where appropriate, the proved, probable and possible reserves for certain of the oil and gas properties, including the future net cash flows arising from such. The above assessment requires the exercise of significant judgement about and assumptions on, amongst others, the discount rate, oil reserves, expected production volumes and future Brent oil prices. The Group has made disclosures on the above judgement in Note 3. Since December 31, 2019, the oil price has fallen sharply in large part due to the impact of the international spread of COVID-19 and geopolitical factors. Management has assessed that this is a non-adjusting post balance sheet event in accordance with IAS 10 *Events after the reporting period* and has made disclosures in Note 41.	Our audit procedures focused on evaluating impairment indicators in accordance with IAS 36 *Impairment of assets*, and challenging the judgements and key assumptions used by management in determining the recoverable amount. Such procedures included, amongst others: • Reviewing the internal and external factors used by management to determine impairment indicators; • Checking the Group's budget to evaluate whether management has a budget and plan for the assets, including the funding options for future capital expenditure to be able to realise the future cash flows; • Assessing the objectivity, competency and experience of the independent qualified person who prepared the reserve reports; • Checking the reserve reports prepared by the independent qualified person relating to the Group's estimated oil price, to determine whether they indicate there has been a significant change with an adverse effect on the recoverable amount; • Challenging management's oil price assumptions against external data, to determine whether they indicate that there has been a significant change with an adverse effect on the recoverable amount; • Comparing field and plant production performance during the year against budget, to determine whether they indicate that there has been a significant change with an adverse effect on the recoverable amount; and • Challenging management's assumptions on key data used in their computation of the discount rate. Based on our procedures, we noted that the carrying amounts of oil and gas properties are stated appropriately. As part of our post balance sheet date audit procedures, we considered whether the COVID-19 pandemic and geopolitical factors provide evidence of conditions that existed at the balance sheet date. Based on our procedures covering the facts and circumstances, we concurred with management that it is a non-adjusting event and disclosures surrounding the impact of the events had been appropriately disclosed in Note 41.

Independent Auditor's Report

To The Shareholders Of Jadestone Energy Inc.

KEY AUDIT MATTERS	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Impairment assessment of intangible exploration assets As at December 31, 2019, the Group recorded US$116.1 million of intangible exploration assets, which approximate 15% of the Group's total assets. Management performed an assessment of the internal and external factors of the intangible exploration assets properties' carrying values to determine whether there is any indicator of impairment. Based on management's assessment, there were no impairment indicators identified as at December 31, 2019. Notwithstanding the above, as the intangible exploration assets represent a material component of the Group's total assets, management performed an assessment of the technical feasibility and commercial viability of extracting a mineral resource and whether there is any adverse information that will affect the final investment decision to commercialise the asset. Management, who is ultimately responsible for third party estimates, have also engaged an independent qualified person to estimate, where appropriate, the gross contingent resources for all of the intangible exploration assets. The Group has made disclosures on the above judgement in Note 3. Since December 31, 2019, the oil and gas price has fallen sharply in large part due to the impact of the international spread of COVID-19 and geopolitical factors. Management has assessed that this is a non-adjusting post balance sheet event in accordance with IAS 10 *Events after the reporting period* and has made disclosures in Note 41.	Our audit procedures focused on evaluating and challenging the judgements and key assumptions used by management in performing the impairment review under IFRS 6 *Exploration for and evaluation of mineral resources*. Such procedures included, amongst others: • Reviewing the internal and external factors used by management to determine impairment indicators; • Checking the Group's budget to evaluate whether management has a budget and plan for the assets, including the funding options for future capital expenditure to be able to realise the future cash flows; • Performing a retrospective review of prior year's work budget and current year's actual activity to determine the reliability of management's plan and budget for the purpose of assessing impairment indicators; • Assessing the objectivity, competency and experience of the independent qualified person who prepared the reserve reports; and • Checking the reserve reports prepared by the independent qualified person relating to the Group's estimated oil reserves, to determine whether they indicate if there has been a significant change with an adverse effect on the recoverable amount. As part of our post balance sheet audit procedures, we have considered whether the COVID-19 pandemic and geopolitical factors provide evidence of conditions that existed at the balance sheet date. Based on our procedures, we concurred with management that it is a non-adjusting event and disclosures surrounding the impact of the events had been appropriately disclosed in Note 41. Based on our procedures, we noted that the carrying amounts of intangible exploration assets are stated appropriately.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis; and
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, in the Annual Report is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that face to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

To The Shareholders Of Jadestone Energy Inc.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kanagasabai s/o Haridas.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

April 23, 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the years ended December 31, 2019 and December 31, 2018

	NOTES	2019 USD'000	2018 Restated USD'000
Consolidated statement of profit or loss			
Revenue	4	325,406	113,423
Production costs	5	(119,898)	(90,939)
Depletion, depreciation and amortisation	6	(90,746)	(13,776)
Staff costs	8	(19,714)	(13,538)
Other expenses	9	(11,692)	(10,374)
Impairment of assets	10	-	(11,901)
Other income	11	2,979	2,534
Finance costs	12	(16,443)	(9,240)
Other financial gains	13	3,389	12,345
Profit/(Loss) before tax		**73,281**	**(21,466)**
Income tax expense	14	(32,776)	(9,567)
Profit/(Loss) for the year		**40,505**	(31,033)
Earnings/(Loss) per ordinary share Basic and diluted (US$)	15	0.09	(0.10)
Consolidated statement of comprehensive income			
Profit/(loss) for the year		40,505	(31,033)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss: (Loss)/Gain on unrealised cash flow hedges	26	(30,542)	51,775
Hedging gain reclassified to profit or loss		(14,874)	(1,088)
		(45,416)	50,687
Tax income/(expense) relating to components of other comprehensive (loss)/income	14	13,624	(15,207)
Other comprehensive (loss)/income		(31,792)	35,480
Total comprehensive income for the year		**8,713**	**4,447**

Certain 2018 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 43.
All comprehensive income is attributable to the equity holders of the parent.
The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position as at December 31, 2019 and December 31, 2018

	NOTES	2019 USD'000	2018 Restated USD'000
Assets			
Non-current assets			
Intangible exploration assets	16	116,096	95,607
Oil and gas properties *	17	383,018	430,193
Plant and equipment	18	1,780	1,709
Right-of-use assets	19	59,787	-
Derivative financial instruments	36	-	15,339
Restricted cash	24	17,477	23,561
Deferred tax assets	21	16,012	21,287
Total non-current assets		**594,170**	**587,696**
Current assets			
Inventories*	22	31,411	15,822
Trade and other receivables	23	42,283	32,800
Derivative financial instruments	36	5,275	35,985
Restricted cash	24	6,008	5,083
Cash and cash equivalents	24	75,934	52,981
Total current assets		**160,911**	**142,671**
Total assets		**755,081**	**730,367**
Equity and liabilities			
Equity			
Capital and reserves			
Share capital	25	466,573	466,562
Share-based payments reserve	27	23,857	22,375
Hedging reserves	26	3,688	35,480
Accumulated losses		(268,651)	(309,156)
Total equity		**225,467**	**215,261**
Non-current liabilities			
Provisions	28	280,418	284,300
Borrowings	31	7,328	49,420
Secured convertible bonds	32	-	-
Lease liabilities	29	42,533	-
Other payable	30	359	3,748
Deferred tax liabilities	21	64,825	92,468
Total non-current liabilities		**395,463**	**429,936**
Current liabilities			
Borrowings	31	41,795	52,393
Lease liabilities	29	19,739	-
Trade and other payables *	35	27,962	31,493
Tax liabilities		44,655	1,284
Total current liabilities		**134,151**	**85,170**
Total liabilities		**529,614**	**515,106**
Total equity and liabilities		**755,081**	**730,367**

* The comparative information has been restated for 2018 as a result of IFRS 3 adjustment to the purchase price allocation of the Montara assets acquisition, see further in Notes 7 and 43.
Certain 2018 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 43.
The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity for the years ended December 31, 2019 and December 31, 2018

	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, 2018	**364,466**	**21,855**	**-**	**(278,123)**	**108,198**
Loss for the year	-	-	-	(31,033)	(31,033)
Other comprehensive income for the year	-	-	35,480	-	35,480
Total comprehensive income for the year	**-**	**-**	**35,480**	**(31,033)**	**4,447**
Share-based compensation, representing transaction with owners, recognised directly in equity	-	520	-	-	520
Shares issued, net of transaction costs (Note 25)	102,096	-	-	-	102,096
Total transactions with owners, recognised directly in equity	**102,096**	**520**	**-**	**-**	**102,616**
As at December 31, 2018 / January 1, 2019	**466,562**	**22,375**	**35,480**	**(309,156)**	**215,261**
Profit for the year	-	-	-	40,505	40,505
Other comprehensive loss for the year	-	-	(31,792)	-	(31,792)
Total comprehensive income for the year	**-**	**-**	**(31,792)**	**40,505**	**8,713**
Share-based compensation, representing transaction with owners, recognised directly in equity	-	1,482	-	-	1,482
Shares issued, net of transaction costs (Note 25)	11	-	-	-	11
Total transactions with owners, recognised directly in equity	**11**	**1,482**	**-**	**-**	**1,493**
As at December 31, 2019	**466,573**	**23,857**	**3,688**	**(268,651)**	**225,467**

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

Consolidated Statement of Cash Flows for the years ended December 31, 2019 and December 31, 2018

	NOTES	2019 USD'000	2018 Restated USD'000
Operating activities			
Profit/(Loss) before tax		73,281	(21,466)
Adjustments for:			
Depletion, depreciation and amortisation	6	75,870	13,776
Depreciation of right-of-use assets	6 / 19	14,876	-
Other finance costs	12	10,376	6,272
Interest expense	12	6,067	2,968
Share-based payments	8	1,482	520
Loss/(Gain) on ineffective hedge recycled to profit or loss	9 / 11	633	(637)
Oil and gas properties written off	17	533	-
Change in fair value of contingent payments	13	(3,389)	(12,057)
Change in Stag FSO provision	11	(1,717)	(835)
Interest income	11	(1,260)	(422)
Unrealised foreign exchange gain	11	(8)	-
Gain on early repayment of convertible bonds	13	-	(288)
Impairment of intangible exploration assets	10	-	11,901
Operating cash flows before movements in working capital		**176,744**	**(268)**
Increase in trade and other receivables		(9,483)	(3,918)
(Increase)/Decrease in inventories		(7,346)	15,752
(Decrease)/Increase in trade and other payables		(12,431)	14,856
Cash generated from operations		**147,484**	**26,422**
Release of restricted cash for Ogan Komering		-	729
Interest paid		(4,698)	(2,263)
Tax refunded/(paid)		1,851	(7,125)
Net cash generated from operating activities		**144,637**	**17,763**
Investing activities			
Acquisition of Montara	7	-	(133,092)
Payment for oil and gas properties	17	(45,161)	(6,968)
Payment for plant and equipment	18	(502)	(1,437)
Proceeds from disposal of plant and equipment		4	-
Payment for intangible exploration assets	16	(11,589)	(1,635)
Transfer from/(to) debt service reserve account	24	5,159	(18,644)
Interest received	11	1,260	422
Net cash used in investing activities		**(50,829)**	**(161,354)**
Financing activities			
Net proceeds from issuance of shares	25	11	102,096
Net drawdown from borrowings	31	-	118,040
Repayment of borrowings	33	(54,203)	(17,761)
Repayment of lease liabilities	33	(16,671)	-
Payment of bond facility and stand-by fees	32 / 33	-	(17,514)
Net cash (used in)/generated from financing activities		**(70,863)**	**184,861**
Net increase in cash and cash equivalents		22,945	41,270
Effect of translation on foreign currency cash and cash balances		8	1,261
Cash and cash equivalents at beginning of the year		52,981	10,450
Cash and cash equivalents at end of the year	24	**75,934**	**52,981**

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

Significant Accounting Policies and Explanation Notes to the Financial Statements

for the years ended December 31, 2019 and December 31, 2018

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 was listed on the TSX-V throughout 2019 but delisted on March 25, 2020. The Company trades 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 (Stag) and Vulcan basins (Montara), 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 (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

Basis Of Preparation

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

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

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories*, or value in use in IAS 36 *Impairment of Assets*.

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

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

Adoption of new and revised standards

New and amended IFRS standards that are effective for the current year

In the current year, the Group has applied IFRS 16 *Leases* (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 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 and requiring 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 when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the "Leases" policy. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is January 1, 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach which measures asset at amount equal to liability (adjusted for accruals and prepayments). Please refer to (c) for the finance impact on the initial application of IFRS 16.

(a) 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 changed 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. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). The Group has reviewed the new definition in IFRS 16, and concluded that it will not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting
(i) Former operating leases
IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:
- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit and 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.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.
- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Finance impact of initial application of IFRS 16
The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on January 1, 2019 is 8.6%.

The following table shows the operating lease commitments disclosed in Note 34 applying IAS 17 at December 31, 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	USD'000
Operating lease commitments as at December 31, 2018	43,595
Short-term leases and leases of low-value assets	(50)
Effect of discounting the above amounts	(8,157)
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	462
Lease liabilities recognised as at January 1, 2019	35,850

The Group has recognised US$35.9 million of right-of-use assets and US$35.9 million of lease liabilities upon transition to IFRS 16.

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after January 1, 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRSs in issue but not yet effective
In the current year, the Group has not applied the following amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 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 or after January 1, 2020 and generally require prospective application.

The Group is currently performing an assessment of the impact of these amendments and anticipates potential material impact on the financial statements of the Group in future periods as described below:

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.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020, with early application permitted.

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.

The amendments are applied prospectively for annual periods beginning on or after January 1, 2020, with earlier application permitted.

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.

The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020, with early application permitted.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company and its subsidiaries. Control is achieved where the Company:
- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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

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

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

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

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

Business Combinations

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

The definition of a business in accordance with IFRS 3 is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing good or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer, in accordance with the method in IFRS 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is re-measured at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as at that date.

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

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

Foreign Currency Transactions

The Group's consolidated financial statements are presented in USD, which is the parent's functional currency and presentation currency. The functional currencies of subsidiaries are determined based on the economic environment in which they operate.

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

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

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

Joint Operations

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

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

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

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

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

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

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

- Approval is considered highly likely; and
- All affected parties are effectively operating under the revised arrangement.

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

Pre-Licence Award Costs

Costs incurred prior to the effective award of oil and gas licence, concessions and other exploration rights are expensed in profit or loss.

Exploration and Evaluation Costs

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

If no potentially commercial hydrocarbons are discovered, the E&E assets are written off through profit or loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as intangible exploration costs while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons.

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as E&E assets.

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

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

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

Farm-Outs in The Exploration and Evaluation Phase

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

Oil And Gas Properties

Producing assets

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

Depletion and amortisation expense

Depletion of oil and gas properties is calculated using the units of production method for an asset or group of assets from the date in which they are available for use. The costs of those assets are depleted based on proved and probable reserves.

Costs subject to depletion include expenditures to date, together with approved estimated future expenditure to be incurred in developing proved and probable reserves. Costs of major development projects are excluded from the costs subject to depletion until they are available for use.

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

Asset restoration obligations

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

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

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

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

Borrowing Costs

Finance costs of borrowing are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Debt is shown on the consolidated statement of financial position, net of arrangement fees and issue costs, and amortised through to the income statement and statement of other comprehensive income as finance costs over the term of the debt.

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

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

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

Plant and Equipment

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

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

- Computer equipment: 3 years; and
- Fixtures and equipment: 3 years.

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

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

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

Impairment of Assets

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

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

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

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

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

Inventories

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

- Petroleum products, comprising primarily of extracted crude oil stored in tanks, pipeline systems and aboard vessels, and natural gas, are valued using weighted average costing inclusive of depletion expense; and
- Materials, which include drilling and maintenance stocks, are valued at the weighted average cost of acquisition.

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

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date basis where the purchases or sales of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at fair value through other comprehensive income. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in "other income" (Note 11) line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

All financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in either "other income" (Note 11) or "other expenses" (Note 9) line item.

Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss model comprise trade and other receivables. While cash and bank balances are also subject to the impairment requirements of IFRS 9 *Financial Instruments*, the expected credit loss allowances are not expected to be significant.

The Group's trade and other receivables are primarily with (i) counterparties to oil and gas sales and (ii) governments for recoverable amounts of value added taxes.

The concentration of credit risk relates to the main counterparty to oil and gas sales in Australia, where the sole customer has an A1 credit rating (Moody's). All trade receivables are generally settled 30 days after sale date. In the event that an invoice is issued on a provisional basis then the final reconciliation is paid within 3 days of the issuance of the final invoice, largely mitigating any credit risk.

The Group recognises lifetime expected credit loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated based on days past due, applying expected non-recoveries for each group of receivables.

The Group measures the loss allowance for other receivables at an amount equal to 12-months ECL, as there is no significant increase in credit risk since initial recognition.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, based on consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses
The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivables is recognised in the profit or loss.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability other than a contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in either "other financial gains" (Note 13) or "finance costs" (Note 12) line item in profit or loss.

Financial liabilities measured subsequently at amortised cost
Other financial liabilities are measured subsequently at amortised cost using the effective interest method.

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

Foreign exchange gain or loss
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" (Note 11) or "other expenses" (Note 9) line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

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

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

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

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

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

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

Transaction costs incurred prior to any issue of the convertible bond are capitalised as prepayments.

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

Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to commodity price risks.

Derivatives are initially recognised at fair value on the date the contract is entered into, and is subsequently remeasured to fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting
All hedges are classified as cash flow hedges, which hedges exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a component of a recognised asset or liability, or a highly probable forecasted transaction.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts. The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis - the Group applies straight line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Note 36 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in Note 26.

Cash flow hedges
The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss in either "other financial gains" (Note 13) or "finance costs" (Note 12) line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non financial asset or a non financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

Equity and Listing Costs

Ordinary shares are classified as equity and recorded at the value of consideration received. The cost of issuing shares is shown in share capital as a deduction, net of tax, from the proceeds.

Incremental and direct attributable costs that specifically relate to the admission of the Company into AIM and the issuance of new shares are recorded in profit or loss. Remaining costs that relate jointly to both the AIM admission and the new shares issuance are allocated on a proportionate basis in accordance with IAS 32.

Fair Value Estimation of Financial Assets and Liabilities

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

Share-Based Payments

Share-based incentive arrangements are provided to employees which allow them to acquire shares of the Company.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity.

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

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

Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from January 1, 2019

The Group as lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment of Assets" policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Policies applicable prior to January 1, 2019

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

The Group as lessee

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

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

Provisions

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

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

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

Retirement Benefit Obligations

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

Revenue

Revenue from contracts with customers is recognised in the income statement when performance obligations are considered met, which is when control of the hydrocarbons are transferred to the customer.

Revenue from the production of oil and gas, in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts.

Production revenue (liquids revenue) is recognised when the Group gives up control of the unit of production at the delivery point agreed under the terms of the contract. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. The amount of production revenue recognised is based on the agreed transaction price and volumes delivered. In line with the aforementioned, revenue is recognised at a point in time when deliveries of the liquids are transferred to the customers.

Gas revenue is meter measured based on the hydrocarbon volumes delivered. The volumes delivered over a calendar month are invoiced based on meter readings monthly. The price is either fixed (gas) or linked to an agreed benchmark (Brent Crude) in advance and premium or discounts are set based on commercial negotiations at arms-length. This methodology is considered appropriate as it is normal business practice under such arrangements. In line with the aforementioned, revenue is recognised at a point in time when deliveries of the gas are transferred to the customers.

A receivable is recognised once transfer has occurred as this represents the point in time at which the right to consideration becomes unconditional, and only the passage of time is required before the payment is due.

Royalties

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

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

Income Tax

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

Current tax

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

Petroleum resource rent tax (PRRT)

PRRT incurred in Australia is considered for accounting purposes to be a tax based on income. Accordingly, current and deferred PRRT expense is measured and disclosed on the same basis as income tax.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not utilised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests, are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted, by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the year

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

Cash And Bank Balances In The Statement Of Cash Flows

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

3 | Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

The following are the critical judgements, apart from those involving estimates (see below), that management has made on the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

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

The Group accounts for acquisitions, divestitures, and farm-in arrangements by considering if the acquired or transferred interest relates to that of an asset, or of a business as defined in IFRS 3 *Business Combinations*. Accordingly, the Group considers if there is the existence of business elements (e.g., inputs, processes and outputs) or a group of assets that includes inputs, outputs and processes that are capable of being managed together for providing a return to investors or other economic benefits.

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

a) Contingent consideration

The determination of the contingent liability components requires significant management judgement and assumptions. The contingent payments are based on multiple future triggering events that may or may not occur. The Group assesses these factors independently taking into account probabilities and future circumstances. Where management deems necessary, independent valuation models and advisors will be requested to determine the fair value of such commitments. All contingent payments are set out in Note 7.4.

b) Depletion of oil and gas properties
Oil and gas properties are depleted using the units of production method.

Estimates of the Group's oil and gas reserves are inherently uncertain. Proved plus probable reserves are the estimated volumes of crude oil and natural gas which geological and engineering data demonstrate that are most likely to be economically producible, from known reservoir under existing economic conditions and operating method. Changes in proved plus probable oil and gas reserves, and the associated expected development capital, will affect units of production depletion in the Group's consolidated financial statements for oil and gas properties. Proved plus oil and gas reserves are subject to revision, based on new information, such as from development drilling and production activities, or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans, etc.

The carrying amount and depletion amount of oil and gas properties are disclosed in Note 17 and Note 6, respectively.

c) Taxes
The Group recognises the net future economic benefit of deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and the carry forward of unutilised tax credits and unutilised tax losses can be utilised accordingly. Assessing the recoverability of deferred income tax and PRRT assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets as recorded in the statement of financial position, could be impacted. The carrying amounts of the Group's deferred tax assets are disclosed in Note 21 to the financial statements.

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

e) Impairment of assets
The Group undertakes a regular review of asset carrying values to determine whether there is any indication of impairment. For intangible exploration assets impairment assessment, the Group takes into consideration the technical feasibility and commercial viability of extracting a mineral resource and whether there is any adverse information that will affect the final investment decision. For oil and gas properties, expected future cash flow estimation is based on reserves, future production profiles, commodity prices and costs. For right-of-use assets, the Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of Assets' policy. The carrying amounts of intangible exploration assets, oil and gas properties and right-of-use assets are disclosed in Notes 16, 17 and 19, respectively.

f) Asset restoration obligations
The Group estimates the future removal and restoration costs of oil production facilities, wells, pipelines and related assets at the time of installation of the assets and reviewed subsequently at the end of each reporting period. In most instances the removal of these assets will occur many years in the future.

The estimate of future removal costs is made considering relevant legislation and industry practice and requires management to make judgments regarding the removal date, the extent of restoration activities required and future removal technologies. The carrying amounts of the Group's asset restoration obligations is disclosed in Note 28 to the financial statements.

4 | Revenue

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

In line with the revenue accounting policies set out in Note 2, all revenue is recognised at a point in time.

	2019 USD'000	2018 USD'000
Liquids revenue, after hedging		
Stag	65,181	74,772
Montara	260,225	31,198
Ogan Komering	-	8,520
Gas revenue		
Ogan Komering	-	2,482
	325,406	**116,972**
Royalties	-	(3,549)
Total revenue derived from contracts with customers, after hedging and net of royalties	**325,406**	**113,423**

Royalties in 2018 related to production entitlement in Indonesia. The Ogan Komering PSC expired on May 20, 2018 and hence no revenue and no production royalty entitlement is recognised in the current year.

5 | Production Costs

	2019 USD'000	2018 USD'000
Operating costs	52,527	48,887
Workovers	30,331	10,577
Logistics	20,635	9,034
Repairs and maintenance	23,742	5,117
Movement in inventories	(7,337)	17,324
	119,898	**90,939**

The cost of inventories recognised in production costs is US$92.4 million (2018: US$61.0 million). In 2018, the Group had written down crude oil amounting to US$3.4 million to its net realisable value. The write down amount was recognised in production costs. There were no inventories write-down in FY2019.

The Group has adopted IFRS 16, effective January 1, 2019. The Group has recognised depreciation of right-of-use assets in 2019, as disclosed in Note 6. The lease payments paid were offset against lease liabilities.

The Group has applied the cumulative catch-up approach and did not restate comparatives. The lease payments included in 2018 operating costs were US$6.8 million.

The Montara assets were acquired on September 28, 2018. The production costs for 2018 include Montara's production costs of US$42.7 million from the date of acquisition until the year end, compared to a full year for 2019 of US$84.4 million.

The Ogan Komering PSC expired on February 28, 2018 and a temporary co-operation contract was entered into, continuing the terms of the PSC. A new PSC was issued on May 20, 2018 to Pertamina, at which point Jadestone no longer held an interest in the PSC. Included in the total production cost of US$90.9 million in 2018 is US$2.8 million related to Ogan Komering (Note 38).

6 | Depletion, Depreciation and Amortisation ("DD&A")

	2019 USD'000	2018 USD'000
Depletion and amortisation (Note 17):		
Stag	10,237	8,614
Montara	73,449	4,768
Ogan Komering	-	618
	83,686	14,000
Depreciation:		
Plant and equipment (Note 18)	427	376
Right-of-use assets (Note 19)	14,876	-
Movement in inventories	(8,243)	(600)
	90,746	**13,776**

The Montara assets were acquired on September 28, 2018 and were shut down to address a maintenance and inspection backlog from November 1, 2018 to January 11, 2019. The depletion charge for the oil and gas properties for the comparative period related to the production from September 28 to October 31, 2018, compared to a full year for 2019.

The Ogan Komering DD&A charge in 2018 related to the production from January 1 to May 19, 2018, after which the Group no longer held an interest in the PSC.

7 | Acquisition of Montara Assets

7.1 Effective date and acquisition date
In 2018, Jadestone Energy (Eagle) Ltd, a wholly owned subsidiary of the Company, closed the acquisition of the Montara Assets from PTTEP Australia, obtaining control and 100% of legal ownership.

The transaction had an economic effective date of January 1, 2018, at which point the economic benefits of owning the Montara Assets passed to the Group. The transaction closed on September 28, 2018 (the Acquisition Date) at which point the Group obtained ownership and control of the Montara assets. On May 30, 2019 the regulator approved the transfer of 99% of the legal title in the license. On August 6, 2019, the transfer of operatorship was completed and on October 1, 2019, the final 1% of legal title of the license was approved and the transaction was completed.

As the Group took control of the operating decisions of the Montara assets on September 28, 2018, this is the date used for the purpose of calculating the purchase price allocation and the fair value of the assets and liabilities recorded in the statement of financial position.

7.2 Fair value of consideration transferred and purchase price allocation adjustments
On September 28, 2018, the consideration for the Montara Assets reflected 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 cash adjustment (from January 1, 2018 to the date of acquisition)	(75,547)
Cash payment on acquisition date	**133,092**

The crude inventory value relates to the inventory on hand at the effective date of January 1, 2018. The capital charge reflects interest on the asset purchase price of US$195.0 million calculated on a daily basis at a rate of 3% above LIBOR from (and including) the effective date to (but excluding) the date of completion. The net cash adjustment reflects the net of the interim period receipts and expenses incurred, invoiced or paid by PTTEP Australia in the period from the effective date to the date of completion.

In addition, there were deferred contingent payments payable, in addition to the upfront cash consideration set out above, depending on the outcome of a number of trigger events. The trigger events are linked to 2018 production volumes, future Dated Brent oil prices in 2019 and 2020, production from the infill well drilling scheduled for 2020 and final investment decision for developments with significant 2P reserves. The Group reviewed all the contingent payments, and at the date of acquisition recorded an amount of US$15.8 million at fair value for the following two contingent events:

- 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 contingent consideration using a Monte Carlo option simulation model, which considered inputs such as the spot Dated Brent oil price at completion date, the risk-free rate, volatility of Dated Brent oil price, and the length of time the contingent payment will apply. This implies the fair value of the contingent consideration to be US$10.8 million and US$5.0 million for the 2019 and 2020 deferred payments, respectively, totalling US$15.8 million in 2018. This reflected a discount of 46% and 50% for the respective 2019 and 2020 contingent consideration payments arising from the time value of money and the likelihood of the trigger event occurring. During the year, the Group has derecognised the 2019 deferred contingent payment as the annual average Dated Brent crude price in 2019 fell below US$80/bbl. Please refer to Note 7.4 for the full disclosure of all the other contingent payments and management's assessment therein. As at December 31, 2019, the fair value of the 2020 contingent payment has been reduced to US$0.4 million (2018: US$3.7 million) (Note 30) as a result of the declining forward curve Dated Brent crude oil price.

The voluntary shutdown that occurred at Montara from November 1, 2018 to January 11, 2019 resulted in a loss of production and revenue during the period, as well as an increase in costs due to overheads still being incurred and additional maintenance work required to rectify historic maintenance and inspection 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.

During the year, the Group has completed the purchase price allocation ("PPA") exercise to determine the fair values of the net assets acquired within the stipulated time period of 12 months from the acquisition date of September 28, 2018, in accordance with IFRS 3 *Business Combinations*. Following the transfer of operatorship on August 6, 2019, the Group was able to confirm an inventory adjustment of US$14.0 million in order to align with the Group's accounting policies. The adjusted fair values of identifiable assets and liabilities have been reflected in the consolidated statement of financial position as at December 31, 2018.

Below are the effects of the final PPA adjustments in accordance with IFRS 3:

FAIR VALUE OF PURCHASE CONSIDERATION	PROVISIONAL PPA USD'000	ADJUSTMENTS USD'000	FINAL PPA USD'000
Asset purchase price	195,000	-	195,000
Crude inventory value	6,657	-	6,657
Capital charge	6,982	-	6,982
Net cash 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	997	819	1,816
Total	**127,894**	**819**	**128,713**

Assets acquired and liabilities assumed at the date of acquisition:

	PROVISIONAL PPA USD'000	ADJUSTMENTS USD'000	FINAL PPA USD'000
Asset			
Non-current assets			
Oil & gas properties	353,806	14,828	368,634
Current assets			
Inventories	35,373	(14,009)	21,364
Prepayments	4,917	-	4,917
Total assets	**394,096**	**819**	**394,915**
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	**127,894**	**819**	**128,713**

Please refer to Note 43 for a summary of the adjustment of comparative figures.

7.3 Impact of acquisition on the results of the Group
Included in 2018 revenue for the year and 2018 loss after tax for the year, were US$31.2 million and US$4.2 million, respectively, that were both attributable from the Montara Assets.

Acquisition-related costs amounting to US$1.8 million have been excluded from the consideration transferred and have been recognised as an expense in the comparable period, within "other expenses" (Note 9) in the consolidated statement of profit or loss and other comprehensive income.

Had the business combination been effected as at January 1, 2018, and based on the performance of the business during 2018 under PPTEP Australia's operatorship, the Group would have generated revenues of US$257.2 million and an estimated net loss after tax of US$4.8 million in 2018.

Management of the Group considers these "pro-forma" numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

7.4 Contingent consideration

NO.	TRIGGER EVENT	CONSIDERATION	MANAGEMENT'S RATIONALE
1.	The average Dated Brent price in the calendar year 2019 is US$80/bbl or higher	US$20 million	Reversed during the year as the event was not triggered.
2.	The average Dated Brent price in the calendar year 2020 is US$80/bbl or higher	US$10 million	The fair value has been reduced to US$0.4 million as a result of declining Dated Brent crude oil price and the likelihood of the trigger event occurring.
3.	Montara infill well production is equal to or greater than 1.5mm bbls in the first 12 months after start of commercial production	US$20 million	It is unlikely that the infill well production will be equal or greater than 1.5mm bbls in the first 12 months based on current projections. As such, fair value is assessed to be nil.
4.	First commercial gas	US$20 million	The Group has no plans to produce gas from Montara as at the date of these financial statements.
5.	FID of development of new wells within Montara titles with 2P reserves greater than 15.0mm bbls	US$60 million	The Group has no substantive plans to drill new wells, aside from infill well drilling as at the date of these financial statements.

8 | Staff Costs

	2019 USD'000	2018 USD'000
Wages, salaries and fees	13,764	10,555
Staff benefits in kind	4,468	2,463
Share-based compensation	1,482	520
	19,714	**13,538**

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

Headcount has increased during the year from 80 people to 197 people at the end of the year predominantly due to additional headcount required in Australia and in Vietnam as the Group prepared for project sanction of Nam Du and U Minh.

9 | Other Expenses

	2019 USD'000	2018 USD'000
Professional fees/consultancies	6,510	6,568
Office costs	2,194	2,774
Travel and entertainment	834	811
Net loss on ineffective oil derivatives	633	-
Oil and gas properties written off	533	-
Net foreign exchange loss	173	-
Other expenses	815	221
	11,692	**10,374**

The Group has adopted IFRS 16, effective January 1, 2019. The Group has recognised depreciation for right-of-use assets in 2019 as disclosed in Note 6. The lease payments paid were offset against lease liabilities. The Group has applied the cumulative catch-up approach and did not restate comparatives. Lease payments included in 2018 office costs were US$0.9 million.

10 | Impairment of Assets

	2019 USD'000	2018 USD'000
Impairment of intangible exploration assets (Note 16)	-	11,901

In 2018, a review of exploration assets resulted in management deciding to impair and relinquish Block 127 in Vietnam at the end of its exploration phase, in May 2018. All minimum work commitments had been completed and the Group returned the license and officially relinquished the block in October 2018. The total capitalised exploration expenditure in respect of Block 127 of US$11.9 million was charged to profit or loss as an impairment expense.

11 | Other Income

	2019 USD'000	2018 USD'000
Interest income	1,260	422
Change in Stag FSO provision	1,717	835
Net foreign exchange gain	2	640
Net gain on ineffective oil derivatives	-	637
	2,979	**2,534**

12 | Finance Costs

	2019 USD'000	2018 USD'000
Interest expense	6,067	2,968
Accretion expense for asset retirement obligations (Note 28)	5,842	3,632
Interest expense on lease liabilities	4,280	-
Accretion expense for Stag FSO provision	110	179
Convertible bond facility fees (Note 32)	-	560
Bond accretion (Note 32)	-	706
Fair value loss on derivative liability (Note 32)	-	1,195
Other finance costs	144	-
	16,443	**9,240**

The accretion expense for asset retirement obligations for the Stag field and the Montara field recognised in 2019 has increased to US$5.8 million from US$3.6 million in 2018, reflecting a full year charge at Montara for 2019, as compared to 2018 for the period from September 28, 2018 to year end.

The Group has adopted IFRS 16, effective from January 1, 2019. Consequently, the Group has recognised interest expense on lease liabilities in 2019. The Group has applied the cumulative catch-up approach and did not restate comparatives. Lease payments made in 2018 were included in Note 5 and Note 9.

Interest expense includes interest incurred on the reserve based lending facility of US$6.1 million (2018: US$2.4 million), reflecting a full year charge in 2019 as compared to 2018 for the period from September 28, 2018 to year end. Interest expense in 2018 also included interest incurred on the Tyrus bond, which was repaid in August 2018, of US$0.6 million.

13 | Other Financial Gains

	2019 USD'000	2018 USD'000
Change in provisions - Montara contingent payments	3,389	12,057
Gain on early repayment of convertible bonds	-	288
	3,389	**12,345**

The change in provisions represents the reduction in the fair value of the Montara contingent payments. The consideration to PTTEP Australia included two potential contingent payments which at the date of acquisition had a fair value of US$15.8 million (see Note 7.4). The Group has derecognised the 2019 contingent payment as the average Dated Brent crude oil price in 2019 fell below US$80/bbl. The fair value of the remaining contingent payment has been reduced to US$0.4 million (2018: US$3.7 million), reflecting the lower forward curve for Dated Brent crude oil prices, and hence the lower likelihood of exceeding US$80/bbl in 2020.

14 | Income Tax Expense

	2019 USD'000	2018 USD'000
Current tax		
Corporate tax	(43,370)	(2,188)
Petroleum resource rent tax ("PRRT")	1,850	(6,221)
	(41,520)	(8,409)
Deferred tax		
Tax depreciation	20,285	(3,196)
Tax losses	(5,257)	2,812
PRRT	(6,284)	(774)
	8,744	(1,158)
	(32,776)	**(9,567)**

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%. Indonesian branch profit tax is applied at 20%.

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.

During the year, Stag utilised PRRT carried forward credits of US$1.1 million (2018: US$5.8 million) and incurred a net expense of US$ 4.4 million (2018: US$7.0 million). The Montara field has utilised PRRT carried forward credits of US$21.5 million and currently has US$3.1 billion (2018: US$2.9 billion) based on the Montara field's latest forecasted augmentation by management which is available for offset against future PRRT taxable profit, and so it is not anticipated to incur any liability for the foreseeable future.

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's profit/(loss) differ from the amount that would arise using the standard rate of income tax applicable in the countries of operation as explained below:

	2019 USD'000	2018 USD'000
Profit/(Loss) before tax	**73,281**	**(21,446)**
Tax calculated at the domestic tax rates applicable to the profit/loss in the respective countries (Australia 30%, Indonesia 48%*, Canada 27% and Singapore 17%)	(23,190)	2,364
Effects of non-deductible expenses	(5,152)	(7,013)
PRRT tax benefit/(expense)	6,284	(6,995)
Effect of PRRT tax (expense)/benefit	(10,718)	2,077
Tax expense for the year	**(32,776)**	**(9,567)**

* 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 or loss, the following amounts relating to tax have been recognised in other comprehensive income.

	2019 USD'000	2018 USD'000
Other comprehensive income - deferred tax		
Income tax (credit)/expense related to carrying amount of hedged item	**(13,624)**	**15,207**

15 | Earnings/(Loss) Per Ordinary Share

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

	2019 USD'000	2018 USD'000
Profit/(Loss) for the purposes of basic and diluted per share, being the net profit/(loss) for the year attributable to equity holders of the Company	40,505	(31,033)

	2019 NUMBER OF SHARES	2018 NUMBER OF SHARES
Weighted average number of ordinary shares for the purposes of basic EPS	461,040,802	316,525,850
Effect of diluted potential ordinary shares - share options	2,512,719	-
Weighted average number of ordinary shares for the purposes of dilutive EPS	**463,553,521**	**316,525,850**

The calculation of diluted EPS for 2019 includes 2,512,719 of weighted average dilutive ordinary shares available for exercise from in-the-money vested options (2018: 400,264 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 (2018: 546,973).

In 2018, the calculation of diluted EPS excludes 74,668,968 of 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. The secured convertible bond was fully repaid on August 15, 2018. Additionally, 2,631,982 of weighted potential ordinary shares available for exercise under vested options are not included given the Group's loss from continuing operations in 2018.

EARNINGS PER SHARE (US$)	2019	2018
- Basic	0.09	(0.10)
- Diluted	0.09	(0.10)

16 | Intangible Exploration Assets

	TOTAL USD'000
Cost	
As at January 1, 2018	193,294
Additions	1,835
Disposals	(99,522)
As at December 31, 2018/January 1, 2019	**95,607**
Additions	20,489
As at December 31, 2019	**116,096**
Impairments	
As at January 1, 2018	87,621
Additions	11,901
Disposals	(99,522)
As at December 31, 2018/January 1, 2019/December 31, 2019	**-**
Net book value	
As at December 31, 2018	**95,607**
As at December 31, 2019	**116,096**

For the purpose of the consolidated statement of cash flows, intangible exploration assets of US$8.9 million remained unpaid as at December 31, 2019 (2018: US$0.7 million).

17 | Oil and Gas Properties

	TOTAL USD'000
Cost	
As at January 1, 2018	75,863
Arising from the acquisition of businesses (Note 7)	353,806
Fair value adjustment (Note 7)	14,828
Changes in asset restoration obligations (Note 28)	6,353
Additions	6,968
As at December 31, 2018/January 1, 2019	**457,818**
Changes in asset restoration obligations (Note 28)	(8,117)
Additions	45,161
Written off	(533)
As at December 31, 2019	**494,329**
Accumulated depletion and amortisation	
As at January 1, 2018	13,625
Charge for the year	14,000
As at December 31, 2018/January 1, 2019	**27,625**
Charge for the year	83,686
Written off	-
As at December 31, 2019	**111,311**
Net book value	
As at December 31, 2018	**430,193**
As at December 31, 2019	**383,018**

18 | Plant and Equipment

	COMPUTER EQUIPMENT USD'000	FIXTURES AND FITTINGS USD'000	TOTAL USD'000
Cost			
As at January 1, 2018	1,180	1,024	2,204
Additions	1,192	245	1,437
As at December 31, 2018/January 1, 2019	2,372	1,269	3,641
Additions	**452**	**50**	**502**
Disposal	-	(4)	(4)
As at December 31, 2019	**2,824**	**1,315**	**4,139**
Accumulated depreciation			
As at January 1, 2018	665	891	1,556
Charge for the year	310	66	376
As at December 31, 2018/January 1, 2019	**975**	**957**	**1,932**
Charge for the year	359	68	427
Disposal	-	-*	-*
As at December 31, 2019	**1,334**	**1,025**	**2,359**
Net book value			
As at December 31, 2018	**1,397**	**312**	**1,709**
As at December 31, 2019	**1,490**	**290**	**1,780**

* Due to figures rounded to nearest thousand.

19 | Right-of-Use Assets

	PRODUCTION ASSETS USD'000	TRANSPORTATION AND LOGISTICS USD'000	BUILDINGS USD'000	TOTAL USD'000
Cost				
As at January 1, 2019	29,339	3,507	3,004	35,850
Additions	-	38,813	-	38,813
As at December 31, 2019	**29,339**	**42,320**	**3,004**	**74,663**
Accumulated depreciation				
As at January 1, 2019	-	-	-	-
Charge for the year	5,334	8,519	1,023	14,876
As at December 31, 2019	**5,334**	**8,519**	**1,023**	**14,876**
Net book value				
As at December 31, 2019	**24,005**	**33,801**	**1,981**	**59,787**

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

The maturity analysis of lease liabilities is presented in Note 29.

	2019 USD'000
Amount recognised in profit or loss	
Depreciation expense on right-of-use assets	14,876
Interest expense on lease liabilities	4,280
Expenses relating to short-term leases	11,748
Expense relating to leases of low value assets	15

20 | Investments in Subsidiaries and Interests in Joint Operations

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

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

NAME OF THE COMPANY	PLACE OF INCORPORATION	% VOTING RIGHTS AND SHARES HELD 2019	% VOTING RIGHTS AND SHARES HELD2018	NATURE OF BUSINESS
Jadestone Energy (Eagle) Pty Ltd	Australia	100	100	Production oil & gas
Jadestone Energy (Australia Holdings) Pty Ltd	Australia	100	100	Investment holdings
Jadestone Energy (Australia) Pty Ltd	Australia	100	100	Production oil & gas
Jadestone Energy (New Zealand Holdings) Ltd*	New Zealand	100	-	Investment holdings
Jadestone Energy (New Zealand) Ltd*	New Zealand	100	-	Exploration
Jadestone Energy (Ogan Komering) Ltd	Canada	100	100	Production oil & gas
Jadestone Energy (Singapore) Pte Ltd	Singapore	100	100	Investment holdings
Jadestone Energy International Holdings Inc.	Canada	100	100	Investment holdings
Jadestone Energy Ltd	Bermuda	100	100	Investment holdings
Jadestone Energy Sdn Bhd	Malaysia	100	100	Administration
Mitra Energy (Philippines SC- 56) Ltd	Bermuda	100	100	Exploration
Mitra Energy (Philippines SC- 57) Ltd	BVI	100	100	Exploration
Mitra Energy (Vietnam 05-1) Pte Ltd	Singapore	100	100	Exploration
Mitra Energy (Vietnam Nam Du) Pte Ltd	Singapore	100	100	Exploration
Mitra Energy (Vietnam Tho Chu) Pte Ltd	Singapore	100	100	Exploration

* Jadestone Energy (New Zealand Holdings) Ltd and Jadestone Energy (New Zealand) Ltd were incorporated on October 25, 2019 as part of the Maari acquisition.

Details of the operations, of which all are in exploration stage except for Stag, Montara and Ogan Komering (ceased on May 20, 2018) which are in the production stage, are as follows:

CONTRACT AREA	DATE OF EXPIRY	HELD BY	PLACE OF OPERATIONS	GROUP EFFECTIVE WORKING INTEREST % AS AT DECEMBER 31, 2019	2018
Montara Oilfield	Indefinite	Jadestone Energy (Eagle) Pty Ltd	Australia	100	100
Stag Oilfield	Aug 25, 2039	Jadestone Energy (Australia) Pty Ltd	Australia	100	100
46/07	Jun 29, 2035	Mitra Energy (Vietnam Nam Du) Pte Ltd	Vietnam	100	100
51	Jun 10, 2040	Mitra Energy (Vietnam Tho Chu) Pte Ltd	Vietnam	100	100
SC56	Aug 4, 2055	Mitra Energy (Philippines SC-56) Ltd	Philippines	25	25
SC57	Sept 14, 2055	Mitra Energy (Philippines SC-57) Ltd	Philippines	21	21

21 | Deferred Tax

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

	AUSTRALIAN PRRT USD'000	TAX DEPRECIATION USD'000	DERIVATIVES FINANCIAL INSTRUMENTS USD'000	TAX LOSSES USD'000	TOTAL USD'000
As at January 1, 2018	20,273	903	-	2,445	23,621
(Charged)/Credited to profit or loss	(774)	(3,196)	-	2,812	(1,158)
Charged to OCI	-	-	(15,207)	-	(15,207)
Acquisition of Montara assets	-	(78,437)	-	-	(78,437)
As at December 31, 2018/ January 1, 2019	**19,499**	**(80,730)**	**(15,207)**	**5,257**	**(71,181)**
(Charged)/Credited to profit or loss	(6,284)	20,285	-	(5,257)	8,744
Credited to OCI	-	-	13,624	-	13,624
As at December 31, 2019	**13,215**	**(60,445)**	**(1,583)**	**-**	**(48,813)**

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:

	2019 USD'000	2018 USD'000
Deferred tax liabilities	(64,825)	(92,468)
Deferred tax assets	16,012	21,287
	(48,813)	**(71,181)**

At the reporting date, the Group has unutilised tax losses of US$ Nil (2018: US$17.5 million) available for offset against future profits. The Group has unutilised PRRT credits of approximately US$3.1 billion (2018: US$2.9 billion) available for offset against future PRRT taxable profits in respect of the Montara field. No deferred tax asset has been recognised in respect of these PRRT credits, due to management's projections that there will continue to be current augmentation of PRRT credits that are more than sufficient to offset against any PRRT tax to be paid. Accordingly, as PRRT credits are utilised based on a last-in-first-out basis, the unutilised PRRT credits of approximately US$ 3.1 billion (2018: US$2.9 billion) will not be utilised given the forecasted augmentation, and are therefore not recognised as a deferred tax asset.

22 | Inventories

	2019 USD'000	2018 Restated USD'000
Materials and spares	8,964	8,955
Crude oil inventories	22,447	6,867
	31,411	**15,822**

23 | Trade and Other Receivables

	2019 USD'000	2018 USD'000
Trade receivables	34,007	57
Prepayments	4,754	26,831
Other receivables and deposits	2,311	4,857
PRRT receivables	-	700
GST/VAT receivables	1,211	355
	42,283	**32,800**

Trade receivables represent revenues generated in Australia. The average credit period is 30 days (2018: 30 days). All outstanding receivables as at December 31, 2019 and December 31, 2018 have been fully recovered in 2020 and 2019, respectively.

Prepayments in 2018 includes US$22.0 million from PTTEP Australia (Note 7) relating to the Montara acquisition. The amount was fully recovered via cash calls in 2019.

The Group has derivative receivables of US$0.5 million (2018: US$3.4 million) within other receivables, which have been received in full in January 2020 (2018: January 2019). There is no significant increase in credit risk since initial recognition

In 2018, Australian PRRT paid amounted to US$6.9 million, while the PRRT expense was US$6.2 million. The difference of US$0.7 million was recognised as a PRRT receivable and was fully recovered during 2019.

No interest is charged on outstanding receivables. There are no trade receivables older than 30 days.

24 | Cash and Bank Balances

	2019 USD'000	2018 USD'000
Current assets		
Cash and bank balances	81,942	58,064
Less: restricted cash	(6,008)	(5,083)
Cash and cash equivalents	**75,934**	**52,981**
Non-current assets		
Cash and bank balances	17,477	23,561
Less: restricted cash	(17,477)	(23,561)
Cash and cash equivalents	-	-
Cash and cash equivalents in the consolidated statement of cash flows	**75,934**	**52,981**

As part of the reserve based lending agreement (Note 31), 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$13.5 million (2018: US$18.6 million) is deposited in the DSRA as at December 31, 2019. In addition, the Group is required to maintain a minimum cash balance in the Montara cash operating account of US$15.0 million (2018: 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. During the year, US$6.0 million (2018: US$5.1 million) has been recognised as current/able to be released within 12 months, with the remaining US$7.5 million (2018: US$13.6 million) treated as non-current/able to be released in 2021 (2018: 2020/2021).

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

25 | Share Capital

Authorised ordinary shares

Unlimited number of ordinary voting shares with no par value.

	NO. OF SHARES	USD'000
Issued and fully paid		
As at January 1, 2018	221,298,004	364,466
Issued during the year	239,711,474	102,096
As at December 31, 2018 / January 1, 2019	**461,009,478**	**466,562**
Issued during the year	33,333	11
As at December 31, 2019	**461,042,811**	**466,573**

In 2018, the Company was listed on AIM, a market by the London Stock Exchange. Pursuant to the listing on AIM, the Company issued 239,711,474 new ordinary shares, raising gross proceeds of approximately £83.9 million at a price of 35 pence per share.

The costs arising from the issuance of the new shares and charged to profit or loss and equity amounted to US$2.0 million and US$5.8 million respectively.

During the year, employee share options of 33,333 were exercised and issued at a price of CAD0.47 per share.

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.

26 | Hedging Reserves

	2019 USD'000	2018 USD'000
At beginning of the year	(35,480)	-
Loss/(Gain) arising on changes in fair value of hedging instruments during the year	30,542	(51,775)
Income tax related to (loss)/gain recognised in other comprehensive income	(9,162)	15,534
Net gain reclassified to profit and loss	14,874	1,088
Income tax related to amounts reclassified to profit or loss	(4,462)	(327)
At end of the year	**(3,688)**	**(35,480)**

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

27 | Share-Based Payments Reserve

The total expense arising from share-based payments recognised for the period ended December 31, 2019 was US$1.5 million (2018: US$0.5 million) (Note 8).

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

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

	OPTIONS GRANTED ON			
	DECEMBER 3, 2019	MARCH 28, 2019	JULY 29, 2018	MARCH 29, 2018
Risk-free rate	1.46% to 1.47%	1.46% to 1.47%	2.23% to 2.26%	1.99% to 2.04%
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	40.1% to 42.8%	39.9% to 42.3%	43.2% to 44.7%	43.1% to 44.1%
Share price	C$1.17	C$0.85	C$0.61	C$0.43
Exercise price	C$1.17	C$0.85	C$0.61	C$0.43
Expected dividends	Nil	Nil	Nil	Nil

The following table summarises the share options outstanding and exercisable as at December 31, 2019:

	SHARE OPTIONS			
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE C$	WEIGHTED AVERAGE REMAINING CONTRACT LIFE	NUMBER OF OPTIONS EXERCISABLE
As at January 1, 2018	8,102,842	0.58	9.03	927,822
Previously issued share options			8.04	2,475,008
New share options issued	4,500,000	0.54	9.36	-
Cancelled during the year	(470,000)	1.03	-	(170,000)
As at December 31, 2018/ January 1, 2019	**12,132,842**	**0.56**	**8.50**	**3,232,830**
New share options issued	8,075,000	0.85	9,25	75,000
Vested during the year	-	0.50	7.63	3,858,316
Exercised during the year	(33,333)	0.47	-	(33,333)
Cancelled during the year	(306,667)	0.48	-	(113,333)
As at December 31, 2019	**19,867,842**	**0.68**	**8.21**	**7,019,480**

28 | Provisions

	PROVISION FOR ASSET RESTORATION OBLIGATIONS USD'000	STAG FSO PROVISION USD'000	TOTAL USD'000
As at January 1, 2018	84,728	7,259	91,987
Acquisition of Montara (Note 7)	183,020	-	183,020
Accretion expense (Note 12)	3,632	179	3,811
Changes in discount rate and FX assumptions and estimates (Note 17/Note 11)	6,353	(835)	5,518
Other	(36)	-	(36)
As at December 31, 2018/January 1, 2019	**277,697**	**6,603**	**284,300**
Accretion expense (Note 12)	5,842	110	5,952
Changes in discount rate assumptions and estimates (Note 17/Note 11)	(8,117)	(1,717)	(9,834)
As at December 31, 2019	**275,422**	**4,996**	**280,418**

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

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 (2018: Stag - 2.27%; Montara - 2.13%). 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 (2018: Stag - 2.49%; Montara - 2.60%). The Stag estimated ARO has been revised upward, as at year end, due to an increase in facilities abandonment, as a result of higher construction vessel costs amidst tightening market conditions. The Montara estimated ARO has been revised downward, due to a decrease in well abandonment costs arising from decreasing rig and other equipment rates.

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

On May 30, 2019, Jadestone Energy (Eagle) Pty Ltd, a wholly owned subsidiary of the Company entered into a deed poll with the Australian Government with regard to the requirements of maintaining sufficient financial capacity to ensure Montara's asset restoration obligations can be met when due. The deed states that the Group is required to provide a financial security in favour of the Australian Government when the aggregate remaining net after tax cash flow of the Group is 1.25 times or below the Group's estimated future decommissioning costs.

29 | Lease Liabilities

	2019 USD'000
Analysed as:	
Non-current	42,533
Current	19,739
	62,272
Maturity analysis of lease liabilities based on undiscounted gross cash flows:	
Year 1	20,228
Year 2	19,881
Year 3	17,934
Year 4	9,547
Year 5	3,145
Unearned interest	(8,463)
	62,272

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

30 | Other Payable

	2019 USD'000	2018 USD'000
Montara contingent payments (Note 7.4)	359	3,748

The contingent payment of US$0.4 million relates to one remaining potential contingent payment to PTTEP for the Montara acquisition (see Note 7.4). The 2019 contingent payment has been derecognised during the year as the liability has failed to materialise as Dated Brent price averaged below US$80 bbl. The 2020 contingent payment will be payable if the average Dated Brent price is above US$80/bbl in 2020. Based on the forward curve and the likelihood of occurrence, the fair value of the contingent payment was valued at US$0.4 million. The 2020 contingent payment is payable in January 2021 and accordingly it has been classified as a non-current liability on the consolidated statement of financial position.

31 | Borrowings

	2019 USD'000	2018 USD'000
Non-current secured borrowings		
Reserve based lending facility	**7,328**	**49,420**
Current secured borrowings		
Reserve based lending facility	41,795	51,114
Current unsecured borrowings		
Other	-	1,279
	41,795	**52,393**
	49,123	**101,813**

On August 2, 2018, the Group entered into a reserve based lending agreement to borrow US$120.0 million to partly fund the Montara acquisition (Note 7). The loan is secured against the Montara assets and repayable in quarterly tranches from December 31, 2018 until March 31, 2021. The loan was fully drawn down on September 28, 2018. The loan incurred costs of US$3.2 million and the fair value of the loan at drawdown had an amortised carrying value of US$116.8 million. During the year, the Group made principal repayment and interest service costs of US$52.9 million and US$4.5 million (2018: US$16.9 million; US$ 1.7 million) respectively, leaving a balance of US$49.1 million (2018: US$100.5 million).

The loan incurs interest at 3% above LIBOR.

32 | Secured Convertible Bond

On November 8, 2016 the Group entered into a convertible bond with Tyrus Capital Event S.à r.l and incurred a structuring fee of 2% of the facility, and a 1% per annum standby fee on the undrawn portion of the facility until maturity on October 31, 2019.

On August 1, 2018, the Group and Tyrus Capital Event S.à r.l. conditionally agreed, upon admission and listing on AIM, that the Group would redeem the convertible bond facility by paying US$17.5 million to Tyrus and all associated security released. At June 30, 2018, the balance on the bond was drawn to US$15.0 million. Repayment subsequently occurred on August 15, 2018 and all associated security was released.

	2019 USD'000	2018 USD'000
Interest expense (Note 12)	-	558
Standby fee (Note 12)	-	64
Bond accretion (Note 12)	-	706
Fair value of associated financial derivative (Note 12)	-	1,195
Amortisation of prepaid structuring fee (Note 12)	-	496
Gain on early repayment of convertible bonds (Note 13)	-	(288)
	-	**2,731**

Balances related to the secured convertible bond are:

	2019 USD'000	2018 USD'000
Nominal value of the convertible bonds issued	-	15,000
Derivative financial instruments at the date of issuance	-	(2,390)
Liability component at the date of issuance	-	12,610
Less: convertible bond issue costs	-	(378)
Liability recognised at inception, net of costs	-	12,232
Cumulative accretion expense	-	1,244
	-	13,476
Less: bond settlement adjustments	-	(13,476)
	-	-

33 | Reconciliation of Liabilities Arising From Financing Activities

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

The cash flows represent the repayment of the convertible bond, drawdown on borrowings and repayment of borrowings in the consolidated statement of cash flows.

	RESERVED BASED LENDING FACILITY USD'000	LEASE LIABILITIES USD'000	SECURED CONVERTIBLE BOND USD'000	OTHER BORROWINGS USD'000
As at January 1, 2018	-	-	12,770	829
Financing cash flows	99,829	-	(17,514)	450
Others	705	-	4,744	-
As at December 31, 2018/January 1, 2019	**100,534**	**-**	**-**	**1,279**
Adoption of IFRS 16	-	35,850	-	-
Financing cash flows	(52,924)	(16,671)	-	(1,279)
New lease liabilities	-	38,813	-	-
Interest expense	1,513	4,280	-	-
As at December 31, 2019	**49,123**	**62,272**	**-**	**-**

34 | Commitments Under Operating Leases

As at December 31, 2019, the Group is committed to US$4,000 for short-term leases (out of scope under IFRS 16).

The Group rents equipment under operating leases. The leases are for an average period of 3 years, with fixed rentals over the same period.

	2018 USD'000
Operating lease payments recognised as an expense	**7,630**

As at December 31, 2018, the Group has outstanding commitments under non-cancellable operating leases that fall due as follows:

	2018 USD'000
Within one year	9,125
Later than one year but within five years	31,325
Later than five years	3,145
	43,595

35 | Trade and Other Payables

	2019 USD'000	2018 Restated USD'000
Trade payables	9,192	7,178
Other payables	14,355	14,476
Provision for long service leave	851	722
Other provisions	3,460	9,117
GST/VAT payables	104	-
	27,962	**31,493**

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

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is less than 30 days. For most suppliers no interest is charged on the trade payables in the first 30 days from the date of invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are settled within the pre-agreed credit terms.

36 | Derivative Financial Instruments

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

	2019 USD'000	2018 USD'000
Derivative financial assets		
Designated as cash flow hedges		
Commodity capped swap	5,275	51,324
Analysed as:		
Current	5,275	35,985
Non-current	-	15,339
	5,275	**51,324**

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 DECEMBER 31, 2019 USD'000	FAIR VALUE ASSET AT DECEMBER 31, 2018 USD'000
32% (2018: 50%) of Group's anticipated planned 2PD production	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	5,203	50,477
67% of swapped barrels in 2019 and 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	Cash flow	72	847

As critical terms (i.e., the notional amount, life and underlying oil price benchmark) of the capped swap and the corresponding Montara hedged sales are highly similar, the Group performed a qualitative assessment of effectiveness and has concluded that the value of the capped swap and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying commodity prices.

There is however, a source of ineffectiveness in the capped swap arrangement, arising from the slight difference in the timing of Montara's production and the settlement of the capped swap arrangement versus the crude sales. The overall change in value used for calculating hedge ineffectiveness on the capped swap hedge transaction amounted to net loss of US$0.6 million (2018: net gain of US$0.6 million) and have been included in the statement of profit or loss within "other expenses" (Note 9) and "other income" (Note 11), respectively.

The following tables detail the commodity swap contracts outstanding at the end of the reporting year, 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
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**
2018				
Cash flow hedges				
Commodity swap component	3,157,050	222,718	637	50,477
Commodity call component	2,107,962	172,613	-	847
			637	**51,324**

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
2019			
Cash flow hedges			
Forecast sales	**633**	**3,688**	**-**
2018			
Cash flow hedges			
Forecast sales	**637**	**35,480**	**-**

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

	CURRENT PERIOD HEDGING (LOSS)/GAIN 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
2019					
Cash flow hedges					
Forecast sales	(21,380)	633	Other expenses	14,241	Revenue
2018					
Cash flow hedges					
Forecast sales	36,241	637	Other income	451	Revenue

37 | Financial Instruments, Financial Risks and Capital Managements

Financial assets and liabilities

Current assets and liabilities

Management considers that due to the short-term nature of the Group's current assets and liabilities, the carrying values equate to their fair value.

Non-current assets and liabilities

All non-current assets and liabilities are reflected at fair value.

	2019 USD'000	2018 Restated USD'000
Financial assets		
At amortised cost	135,737	86,539
Derivative instruments designated in hedge accounting relationships	5,275	51,324
	141,012	**137,863**
Financial liabilities		
At amortised cost	419,671	417,606
Contingent consideration for a business combination	359	3,748
	420,030	**421,354**

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

Commodity price risk

The Group's earnings are affected by changes in oil and gas prices. The Group manages this risk by monitoring oil and gas prices and entering into commodity hedges against fluctuations in oil prices if considered appropriate.

The Group entered into hedge contracts for sales based upon planned production at Montara (Note 36).

Montara

The Group hedged 50% of its planned production volumes for the 24 months to September 30, 2020. The hedge is a capped swap, providing downside price protection while allowing for participation in higher commodity prices via purchased call options. The call strike is set at US$80/bbl for the nine months to September 31, 2019 and US$85/bbl for the twelve months to September 2020. The swap price was set at US$78.26/bbl for Q4 2018, US$71.72/bbl for 2019 and US$68.45/bbl for the nine months to September 2020. Approximately two thirds of the swapped barrels in 2019 and 2020 have upside price participation via purchased calls. The effective date of the hedge contracts is October 1, 2018.

Commodity price sensitivity

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

The table below summarises the impact on profit/(loss) before tax, and on equity, from changes in commodity prices on the fair value of derivative financial instruments. The analysis is based on the assumption that the crude oil price moves 10%, with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of recent historical prices and current economic forecasters' estimates.

GAIN OR LOSS	EFFECT ON THE RESULT BEFORE TAX FOR THE YEAR ENDED DECEMBER 31, 2019 USD'000	EFFECT ON OTHER COMPREHENSIVE INCOME BEFORE TAX FOR THE YEAR ENDED DECEMBER 31, 2019 USD'000	EFFECT ON THE RESULT BEFORE TAX FOR THE YEAR ENDED DECEMBER 31, 2018 USD'000	EFFECT ON OTHER COMPREHENSIVE INCOME BEFORE TAX FOR THE YEAR ENDED DECEMBER 31, 2018 USD'000
Increase by 10%	-	(7,266)	(1)	(16,729)
Decrease by 10%	-	7,266	1	16,729

Foreign currency risk

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

Cash and bank balances are generally held in the currency of likely future expenditures to minimise the impact of currency fluctuations. It is the Group's normal practice to hold the majority of funds in US Dollar in order to match the Group's revenue and expenditures. The Group's US$120.0 million reserve based loan facility is a US Dollar denominated instrument.

In addition to US Dollars, the Group transacts in various currencies, including Australian Dollars, Singapore Dollars, Vietnamese Dong, Malaysian Ringgit, Canadian Dollars and Indonesian Rupiah.

Material foreign denominated balances were as follows:

	2019 USD'000	2018 Restated USD'000
Cash and bank balances		
Australian Dollars	7,088	4,923
Trade and other receivables		
Australian Dollars	5,853	5,237
Trade and other payables		
Australian Dollars	21,231	1,974

If the Australian dollar weakens/strengthens by 10% against the functional currency of the Group, profit or loss will increase/decrease by US$0.8 million (2018: decrease/increase by US$0.8 million).

Interest rate risk

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

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

On August 2, 2018, the Group entered into a reserve based lending agreement with the Commonwealth Bank of Australia and Société Générale to borrow US$120.0 million, repayable quarterly to March 31, 2021. The loan was fully drawn down on September 28, 2018 and incurs interest at LIBOR plus 3%. The loan incurred costs of US$3.2 million, which were offset against the proceeds received.

Based on the carrying value of the reserve based loan as at December 31, 2019, if interest rates had increased or decreased by 1% and all other variables remained constant, the Group's quarterly net income/(loss) before tax would have decreased or increased by US$0.1 million (2018: US$0.3 million).

Credit risk

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

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

The Group trades only with recognised, creditworthy third parties.

The Group's current credit risk grading framework comprises the following categories:

CATEGORY	DESCRIPTION	BASIS FOR RECOGNISING EXPECTED CREDIT LOSSES ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	NOTE	EXTERNAL CREDIT RATING	INTERNAL CREDIT RATING	12-MONTH ("12M") OR LIFETIME ECL	GROSS CARRYING AMOUNT (I) USD'000	LOSS ALLOWANCE USD'000	NET CARRYING AMOUNT USD'000
2019							
Cash and bank balances	24	n.a	Performing	12m ECL	99,419	-	99,419
Trade receivables	23	n.a	(i)	Lifetime ECL	34,007	-	34,007
Other receivables	23	n.a	Performing	12m ECL	2,311	-	2,311
2018							
Cash and bank balances	24	n.a	Performing	12m ECL	81,625	-	81,625
Trade receivables	23	n.a	(i)	Lifetime ECL	57	-	57
Other receivables	23	n.a	Performing	12m ECL	4,857	-	4,857

(i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using specific identification, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of specific identification.

As at December 31, 2019, total trade receivables amounted to US$34.0 million (2018: US$0.1 million). The balance in in 2019 and 2018 had been fully recovered in 2020 and 2019, respectively. The Group has derivative receivables of US$0.5 million and US$3.4 million within other receivables in 2019 and 2018 and was received in full in January 2020 and 2019, respectively.

The concentration of credit risk relates to the main counterparty to oil and gas sales in Australia, where the sole customer has an A1 credit rating (Moody's). All trade receivables are generally settled 30 days after sale date. In the event that an invoice is issued on a provisional basis then the final reconciliation is paid within 3 days of the issuance of the final invoice, largely mitigating any credit risk.

The Group recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated based on days past due by applying a percentage of expected non-recoveries for each group of receivables. As at financial period end, ECL from trade and other receivables are expected to be insignificant.

Cash and bank balances are placed with reputable banks and financial institutions, which are regulated, and with no history of default.

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

Liquidity risk

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

The Group manages it liquidity risk by optimising the positive free cash flow from its producing assets, on-going cost reduction initiatives, merger and acquisition strategies, and bank balance on hand.

The Group net profit after tax for the year was US$40.5 million (2018: loss after tax of US$31.0 million). Operating cash flows before movements in working capital and net cash generated from operating activities for the year ended December 31, 2019 was positive of US$176.7 million and US$144.6 million, respectively (2018: negative of US$0.3 million; net cash generated of US$17.8 million). The Group's net current assets remained positive at US$26.8 million as at December 31, 2019 (2018: US$57.5 million).

The Group's reserve based loan is sized on a borrowing base drawn from projected cash flows from the Montara Assets, and based on proved and probable producing reserves but including certain infill wells (2PD). This borrowing base is subject to scheduled semi-annual redeterminations and as such, and in the event of a significant reduction in the borrowing base, there is a risk that scheduled repayments may increase to offset any such borrowing base deficiency. The existing borrowing base, as assessed by the lenders as at December 2019, is significantly above aggregate commitments.

The Group believes it has sufficient liquidity to meet all reasonable scenarios of operating and financial performance for the next 18 months. Please refer to Note 41 for subsequent events disclosure surrounding the impact of COVID-19 pandemic on the Group and the Group's assessment on the use of the going concern assumption.

Non-derivative financial liabilities

The following table details the expected maturity for non-derivative liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest, that will be earned on those liabilities, except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the estimated future cash flows attributable to the instrument included in the maturity analysis, which are not included in the carrying amount of the financial liability on the consolidated statement of financial position, namely interest expense.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	ON DEMAND OR WITHIN 1 YEAR USD'000	WITHIN 2 TO 5 YEARS USD'000	MORE THAN 5 YEARS USD'000	ADJUSTMENTS USD'000	TOTAL USD'000
2019						
Non-interest bearing	-	48,086	55,503	275,422	(8,463)	370,548
Variable interest rate instruments	7.735	44,425	7,477	-	(2,779)	49,123
		92,511	**62,980**	**275,422**	**(11,242)**	**419,671**
2018 (Restated)						
Non-interest bearing	-	31,493	6,603	277,697	-	315,793
Variable interest rate instruments	8.071	58,907	52,182	-	(9,276)	101,813
		90,400	**58,785**	**277,697**	**(9,276)**	**417,606**

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management, as the Group's liquidity risk is managed on a net asset and liability basis. The table has been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those assets, except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the estimated future cash flows attributable to the instrument included in the maturity analysis, which are not included in the carrying amount of the financial asset on the consolidated statement of financial position, namely interest income.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	ON DEMAND OR WITHIN 1 YEAR USD'000	WITHIN 2 TO 5 YEARS USD'000	ADJUSTMENTS USD'000	TOTAL USD'000
2019					
Non-interest bearing	-	36,318	-	-	36,318
Variable interest rate instruments	-*	89,419	10,000	-*	99,419
		125,737	**10,000**	**-***	**135,737**
2018 (Restated)					
Non-interest bearing	-	4,914	-	-	4,914
Variable interest rate instruments	-*	58,064	23,561	-*	81,625
		62,978	**23,561**	**-***	**86,539**

* The effect of interest is not material.

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 year ended December 31, 2019. The Group is not subject to externally imposed capital requirements.

	2019 USD'000	2018 USD'000
Gearing ratio		
Debt	49,123	101,813
Cash and cash equivalents	(75,934)	(52,981)
Restricted cash	(13,485)	(18,644)
Net (cash)/debt	**(40,296)**	**30,188**
Equity	225,467	215,261
Net debt to equity ratio	**N/M**	**14%**

Debt is defined as long and short-term borrowings (excluding derivatives) as detailed in Note 31 and 32. 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$13.5 million in the RBL debt service reserve account (2018: US$18.6 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. Equity includes all capital and reserves of the Group that are managed as capital.

The Group's overall strategy remains unchanged from 2018.

Fair value measurements

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

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
ii. Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly (Level 2); and
iii. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

FINANCIAL ASSETS/ FINANCIAL LIABILITIES	FAIR VALUE (USD'000) AS AT 2019 ASSETS	2019 LIABILITIES	2018 ASSETS	2018 LIABILITIES	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE(S) AND KEY INPUT(S)	SIGNIFICANT UNOBSERVABLE INPUT(S)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Derivative financial instruments								
1) Commodity capped swap contracts (Note 36)	5,275	-	51,324	-	Level 2	Third party valuations based on market comparable information.	n.a.	n.a.
Others - contingent consideration in a business combination								
2) Contingent consideration (Note 7 and 30)	-	359	-	3,748	Level 3	Based on the nature and the likelihood of occurrence of the trigger event. Fair value is estimated using future Dated Brent price forecasts at the end of the reporting period, taking into account the time value of money and volatility of oil prices.	Expected future oil price volatility of 25% is based on an analysis of Brent oil price movement prior to acquisition date.	A slight increase in Brent oil prices would result in a significant increase in the fair value and vice versa.

38 | 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 secondly 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:

2019	PRODUCING ASSETS AUSTRALIA USD'000	PRODUCING ASSETS SEA USD'000	EXPLORATION SEA USD'000	CORPORATE USD'000	TOTAL USD'000
Revenue					
Liquids revenue	325,406	-	-	-	325,406
	325,406	**-**	**-**	**-**	**325,406**
Production cost	(119,898)	-	-	-	(119,898)
DD&A	(90,277)	-	(113)	(356)	(90,746)
Staff costs	(7,282)	-	(3,543)	(8,889)	(19,714)
Other expenses	(7,012)	-	(278)	(4,402)	(11,692)
Other income	2,971	-	2	6	2,979
Finance costs	(16,387)	-	(7)	(49)	(16,443)
Other financial gain	3,389	-	-	-	3,389
Profit/(Loss) before tax	**90,910**	**-**	**(3,939)**	**(13,690)**	**73,281**
Additions to non-current assets	84,444	-	20,456	65	104,965
Non-current assets	461,053	-	116,162	943	578,158

	2018 (RESTATED)				
	PRODUCING ASSETS		EXPLORATION		
	AUSTRALIA USD'000	SEA USD'000	SEA USD'000	CORPORATE USD'000	TOTAL USD'000
Revenue					
Liquids revenue	105,970	8,520	-	-	114,490
Gas revenue	-	2,482	-	-	2,482
Royalties	-	(3,549)	-	-	(3,549)
	105,970	**7,453**	**-**	**-**	**113,423**
Production cost	(88,159)	(2,780)	-	-	(90,939)
DD&A	(13,066)	(618)	-	(92)	(13,776)
Staff costs	(3,489)	(1,834)	(816)	(7,399)	(13,538)
Other expenses	(5,022)	(146)	(434)	(4,772)	(10,374)
Impairment of assets	-	-	(11,901)	-	(11,901)
Other income	2,345	-	-	189	2,534
Finance costs	(6,219)	-	(80)	(2,941)	(9,240)
Other financial gain	12,057	-	-	288	12,345
Profit/(Loss) before tax	**4,417**	**2,075**	**(13,231)**	**(14,727)**	**(21,466)**
Additions to non-current assets	376,856	-	1,835	183	378,874
Non-current assets	470,522	-	95,607	280	566,409

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.

Included in revenues arising from producing assets in 2019 are revenues of approximately US$325.4 million (2018: US$106.0 million) which arose from sales to the Group's largest customer.

39 | Financial Capital Commitments

Certain PSC's and service concessions' have firm capital commitments. The Group has the following outstanding minimum exploration commitments:

SEA portfolio PSC operational commitments

	2019 USD'000	2018 USD'000
Not later than one year	10,000	10,000

The SEA portfolio PSC operational commitments as at December 31, 2019 amounted to US$10.0 million (2018: US$ 10.0 million), and relates to the minimum work commitment outstanding in exploration phase two of the Block 46/07 PSC, for the drilling of a further well.

Under the terms of the Block 46/07 PSC, Jadestone is committed to drill one more appraisal well on the block. The Company plans to drill an appraisal well on the Nam Du field to facilitate transition of 3C resource to 2C status. This well would be retained for future use as a Nam Du gas producer. On July 9, 2019, the Company submitted a request to the Vietnam Government, for a further one-year extension to the Block 46/07 PSC exploration phase two period to June 29, 2021 and this was approved on February 26, 2020. Following the Group's announcement on March 19, 2020 to delay the project, the Group will seek Vietnam Government approval for a further extension 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.

Capital commitments

The Group has the following capital commitments for expenditure that were contracted for at the end of the reporting year but not recognised as liabilities for Montara:

	2019 USD'000	2018 USD'000
Not later than one year	**19,441**	**17,417**

40 | Contingent Liabilities

Stag

The Group may be responsible for certain contingent payments after 2018 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 December 31, 2019, no provision has been recognised in the financial statements.

Montara

The Group may be responsible for certain contingent payments after 2019 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 (see also Note 7.4). At this time, Jadestone's management only considers the contingent payments of up to US$10.0 million (fair value of US$0.4 million) linked to oil price appreciation above US$80/bbl in 2020 as possible, 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 oil price linked contingent payments of US$10.0 million is recognised as a payable (see Note 30) and the remaining US$100.0 million of contingent payments has not been recognised in the financial statements.

41 | Events After The End of The Reporting Period

Award of damages in relation to Philippines arbitration

In December 2017, the Group commenced arbitration action against Total E&P Philippines BV ("Total"), with the Singapore International Arbitration Center, in response to a breach of the 2012 farm out agreement ("the FOA"), claiming that Total failed to drill an exploration well on the deepwater Halcon prospect, located within the block covered by Service Contract 56 ("SC56") in the Sulu Sea, offshore the Philippines. The FOA required Total to drill one exploration well and pay their 75% interest along with the Group's 25% interest.

On January 3, 2020, the tribunal found in favour of the Group, concluding that Total breached the FOA, awarding (i) monetary damages to the Group of US$11.1 million, less specific expenditures incurred prior to the breach to be agreed or determined if the parties cannot agree; and (ii) legal costs of approximately US$4.3 million. The tribunal's costs will be borne by the Group and Total 25:75.

The parties were unable to agree the specific expenditures and, on March 24, 2020, the tribunal issued a final award in which it determined such expenditures to be US$0.7 million. The net award to the Group was US$10.4 million.

After the payment of all legal fees, funding costs, and the Company's share of the tribunal costs, net proceeds to the Group are expected to be approximately US$2.2 million. This will be recognised in FY2020.

Following the award of monetary damages to the Group, Total would be released from bearing the Group's 25% interest for the drilling of one exploration well, its share estimated at US$18.8 million. Consequently, the Group is potentially liable to pay US$2.5 million, being the penalty payable to the Department of Energy in Philippines if both Total and the Group fail to drill an exploration well prior the licence expiration on September 1, 2020. However, no final decision has been reached between the Group and Total on the future plan for SC56, the discussion will take place during the next operator committee meeting, tentatively scheduled in second quarter of 2020.

At the end of the reporting period, no contingent assets nor contingent liabilities were recorded as the outcome of the arbitration was not finalised till after year end.

The total carrying value within intangible exploration assets in respect of SC56 as at December 31, 2019 was US$50.4 million (2018: US$50.4 million). The Group has reviewed, pursuant to IFRS 6 *Exploration for and evaluation of mineral resources*, whether there are any impairment indicators for SC56 as at year end, and no change has been made to the SC56 carrying value within intangible exploration assets.

Vietnam Block 51 and 46/07

The Group holds a 100% operated working interest in the Block 51 PSC and the Block 46/07 PSC, both in the shallow water Malay-Tho Chu Basin, offshore southwest Vietnam. The Group has made three gas/condensate discoveries: the U Minh and Tho Chu fields in Block 51, and the Nam Du gas field in Block 46/07.

On October 17, 2019, the Group made the formal declaration of commercial discovery for the Nam Du and U Minh fields and submitted to the Vietnam Government the combined formal field development plan for the Nam Du and U Minh development, thus initiating the formal government approval process.

Following delays in the Vietnamese Government approval processes and the drop in the oil price in Q1 2020, the Company announced on March 19, 2020 that it would delay the sanction and development of Nam Du/U Minh and the first gas would not occur before Q4 2022 at the earliest.

As at year end, the Group has recognised US$65.6 million of intangible exploration assets in relation to Nam Du and U Minh fields.

TSX Venture Exchange de-listing

On March 12, 2020, Jadestone has announced and submitted an application to de-list from the TSX-V. The final day of trading for Jadestone's common shares on the TSX-V was on March 24, 2020. The Company's shares will continue to trade on AIM.

Upon de-listing from the TSX-V, the Company will remain a Canadian domiciled corporation and will continue as a reporting issuer under Canadian rules in the near term, but the Company has requested an order from the applicable securities commissions, to grant an exemption from certain of its Canadian reporting requirements, in a matter to similar to a designated foreign issuer.

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. The COVID-19 and 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 approximately 10%, representing an estimated 9.7mm bbls/d effectively from May 2020.

The decline in Dated Brent oil price due to factors set out above has been assessed to be a non-adjusting post balance sheet event in accordance with IAS 10.

The depressed Dated Brent 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. Plus, the crude at both Stag and Montara has generated a premium above the 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 December 31, 2019, the spot price for Dated Brent was US$66.8/bbl. Since that time, Dated Brent oil prices have fallen to around US$19.10/bbl as at April 20, 2020, due to the impact of Coronavirus ("COVID-19") on oil demand.

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 price 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$22/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 comfortably continue as a going concern.

42 | Related Party Transactions

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

Compensation of key management personnel

	2019 USD'000	2018 USD'000
Short-term benefits	6,746	2,656
Other benefits	1,052	326
Share-based payments	1,038	234
	8,836	**3,216**

The total remuneration of members of key management in 2019 (including salaries and benefits) was US$8.8 million (2018: US$3.2 million).

Compensation of directors

	SHORT-TERM BENEFITS (a) USD'000	OTHER BENEFITS (a) USD'000	SHARE-BASED PAYMENTS USD'000	TOTAL COMPENSATION USD'000
2019				
A. Paul Blakeley	1,302	350	233	1,885
Daniel Young	707	174	139	1,020
Dennis McShane	130	-	21	151
Iain McLaren	81	-	13	94
Eric Schwitzer	68	-	25	93
Robert Lambert	69	-	13	82
Cedric Fontenit	66	-	9	75
David Neuhauser	56	-	12	68
Lisa Stewart	6	-	-	6
	2,485	**524**	**465**	**3,474**
2018				
A. Paul Blakeley	1,035	422	164	1,621
Daniel Young	546	149	74	769
Dennis McShane	130	-	19	149
Iain McLaren	70	-	9	79
Eric Schwitzer	58	-	9	67
Robert Lambert	50	-	9	59
David Neuhauser	45	-	9	54
Cedric Fontenit	18	-	-	18
	1,952	**571**	**293**	**2,816**

(a) Short-term benefits comprise salary, director fee as applicable, performance pay, pension and other allowances. Other benefits comprise benefits-in-kind.

Director participation in AIM equity raise

Certain directors and members of the management team of the Company ("Insiders") subscribed for new shares pursuant to the AIM equity raise and listing completed in August 2018. The issuance of new shares to these Insiders, pursuant to the AIM equity raise, and listing, is considered to be a related party transaction within the meaning of TSX Venture exchange policy 5.9 and multilateral instrument 61-101 ("MI 61-101"), and disclosable in the December 31, 2018 year-end financial statements under AIM rule 19. The Company has relied on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101, contained in sections 5.5(b) and 5.7(1)(b) of MI 61-101, in respect of the Insider participation. Certain directors subscribed for a total of 1,961,271 new shares at 35 pence per share (or £688,545) as follows.

	NUMBER OF NEW SHARES
A. Paul Blakeley	544,798
David Neuhauser*	544,798
Daniel Young	217,919
Dennis McShane	217,919
Robert Lambert	217,919
Eric Schwitzer	108,959
Iain McLaren	108,959
	1,961,271

* These relate to ordinary shares that Mr. Neuhauser is deemed to have an interest in, through Livermore Strategic Opportunities LP. Mr. Neuhauser is the Managing Director of Livermore Strategic Opportunities LP and hence has the power and authority to direct its activities.

Repayment of secured convertible bond

Tyrus Capital Event S.à r.l., an entity controlled by Tyrus Capital S.A.M., entered into a secured convertible bond facility agreement with the Company in November 2016. Tyrus Capital S.A.M. controls entities that hold approximately 25.6% of the Company's ordinary share capital, as at December 31, 2019.

On August 1, 2018, the Company and Tyrus Capital Event S.à r.l. conditionally agreed, upon the Company's admission and listing on AIM, that the Company would redeem the secured convertible bond facility by paying US$17.4 million to Tyrus Capital Event S.à r.l., and all associated security released. At June 30, 2018, the balance on the bond was drawn to US$15.0 million. Repayment subsequently occurred on August 15, 2018.

43 | 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 year. These reclassifications were made to better reflect the nature of the expenses in the respective lines in the statement of profit or loss and other comprehensive income. These relate to the following:

	AS PREVIOUSLY REPORTED USD'000	RECLASSIFICATION USD'000	AS RECLASSIFIED USD'000
Statement of profit or loss and other comprehensive income for the year ended December 31, 2018			
Production costs	(90,339)	(600)	(90,939)
Depletion, depreciation and amortisation	(14,376)	600	(13,776)
Other income	1,718	816	2,534
Finance costs	(9,061)	(179)	(9,240)
Other financial gains	12,982	(637)	12,345
Statement of financial position as at December 31, 2018			
Provision for asset restoration obligations	277,697	(277,697)	-
Provisions	-	284,300	284,300
Other payable	10,351	(6,603)	3,748

The reclassifications of comparative figures have been reflected in the statement of cash flows.

As a result of the finalisation of the PPA during the financial year ended December 31, 2019, certain line items have been amended in the statement of financial position and related notes to the financial statements.

The items were adjusted as follow:

	PROVISIONAL PPA USD'000	Adjustments USD'000	FINAL PPA USD'000
Oil and gas properties	415,365	14,828	430,193
Inventories	29,831	(14,009)	15,822
Trade and other payables	(30,674)	(819)	(31,493)

Montara Venture

Management's Discussion and Analysis

for the years ended December 31, 2019 and December 31, 2018

The following management's discussion and analysis ("MD&A") of the operational and financial results and position of Jadestone Energy Inc. (the "Company", or "Jadestone") is prepared as at April 23, 2020, and should be read in conjunction with the Company's consolidated audited financial statements (the "Financial Statements") as at, and for the years ended December 31, 2019 and December 31, 2018.

The MD&A was reviewed by the Company's Audit Committee and approved by the Board of Directors on April 23, 2020. Any events subsequent to December 31, 2019, which could materially alter the reliability and usefulness of the information disclosed, have been considered and disclosed as appropriate.

The consolidated financial statements for the years ended December 31, 2019 and December 31, 2018, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are expressed in United States Dollars ("US$" or "USD"). Unless otherwise stated, comparisons of results are for the years ended December 31, 2019 and 2018, and the Company's financial position as at December 31, 2019 and 2018.

Forward Looking Statements

This MD&A contains forward-looking statements which are based on management assumptions, taking into account all known risks, uncertainties and any other factors which could cause the actual results, performance and achievements to be materially different. Management considers these assumptions to be reasonable, but they may prove to be incorrect, so readers are cautioned not to place reliance on these forward-looking statements.

Non-Gaap Measures

The Company uses measures primarily based on IFRS, but also uses some secondary non-GAAP measures. The non-GAAP measures included in this MD&A and related disclosures are: earnings before interest, tax, depreciation and exploration ("EBITDAX'), total debt and net debt. Neither of these measures is used to enhance the Company's reported financial performance or position. There are no comparable measures in accordance with IFRS for EBITDAX, total debt and net debt. These are useful complimentary measures that are used by management in assessing the performance and liquidity of the Company. The non-GAAP measures do not have standardised meanings prescribed in IFRS, and are therefore unlikely to be comparable to similar measures presented by other issuers. They are common in the reports of other companies, but may differ by definition and application.

Corporate Overview & Strategy

Jadestone is an upstream oil and gas company incorporated in Canada. The Company's ordinary shares are listed on the Alternative Investment Market ("AIM"), a sub-market of the London Stock Exchange, and were listed on the TSX Ventures Exchange ("TSX-V") until March 24, 2020, when the Company delisted from the TSX-V. The Company remains a Canadian domiciled corporation, and has applied to the applicable securities commissions for designated foreign issuer reporting treatment. The Company trades under the symbol "JSE".

The Company and its subsidiaries (the "Group") are engaged in production, development, and exploration and appraisal activities in Australia, Vietnam, Philippines, and, once the Company closes its acquisition of the Maari asset described below, New Zealand.

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

Producing Assets

Australia

Stag Oilfield
The Stag Oilfield, in block WA-15-L, is located 60km offshore Western Australia in a water depth of approximately 47 meters. As at December 31, 2019, the field contained total proved plus probable reserves of 14.8 million barrels of oil (100% net to Jadestone), compared to 16.2 million barrels at the end of 2018.

During 2019, the Group drilled and successfully completed the 49H infill well, which targeted 1.2mm bbls of 2P reserves. First oil from the well was achieved on May 21, 2019, at a rate of 1,400 bbls/d, meeting expectations. The average production for 49H over the period between May 22, 2019 to the year-end averaged 838 bbls/d.

Montara Oilfield
On September 28, 2018, the Group acquired the Montara Assets, located in shallow water offshore Australia, from PTTEP Australasia (Ashmore Cartier) Pty Ltd ("PTTEP Australasia"). The Group reports the first full year of results for the Montara Assets in calendar year 2019.

The Montara project is located in production licenses AC/L7 and AC/L8, in the Timor Sea, in a water depth of approximately 77 meters. The Montara Assets, comprising the three separate fields being Montara, Skua and Swift/Swallow, are produced through a centralised FPSO. As at December 31, 2019, the Montara Assets had proven plus probable reserves of 27.0 million barrels of oil (100% net to Jadestone), compared to 26.6 million barrels at the end of 2018.

During 2019, the Group successfully installed the replacement subsea umbilical cables at Montara. The umbilical cables are an essential part of the control system providing electrical power and control signals to the subsea well-heads.

On January 11, 2019, production at Montara restarted following a voluntary shut down initiated on November 1, 2018, to rectify an inspection and maintenance backlog. As a result of the shutdown, on January 7, 2019, the seller (PTTEP Australasia) agreed to fund future cash calls to a cap of US$22.0 million. Management believed that the shutdown was the result of facts and circumstances that existed at the acquisition date, and so adjusted the purchase price allocation.

During calendar 2019, the Company completed the Montara purchase price allocation ("PPA") exercise to determine the fair values of the net assets acquired within the stipulated time period of 12 months from the acquisition date of September 28, 2018, and in accordance with IFRS3 *Business Combinations*. The adjusted fair values of identifiable assets and liabilities have been reflected in the consolidated statement of financial position, as at December 31, 2018.

New Zealand

Maari Oilfield
On November 18, 2019, the Group executed a SPA with OMV New Zealand, to acquire an operated 69% interest in the Maari project, for a total cash consideration of US$50.0 million, and subject to customary closing adjustments. The field holds 2P reserves of 13.9 million bbls of oil, net to Jadestone's 69% interest, and current production is approximately 4,000 bbls/d, again, on a net 69% basis. The transaction is expected to close in the second half of 2020

Exploration, appraisal and pre-development assets

The current Southeast Asia ("SEA") exploration and pre-development asset portfolio comprises approximately 4.6 million acres of awarded acreage, and comprises two production sharing contracts ("PSC") in Vietnam (Block 51 and Block 46/07), and two service contracts ("SC") in the Philippines (SC56 and SC57).

Vietnam

Block 51 PSC and Block 46/07 PSC
Jadestone holds a 100% operated working interest in the Block 51 PSC and the Block 46/07 PSC, both in shallow waters in the Malay Basin, offshore Southwest Vietnam. The two blocks hold three discoveries: the U Minh and Tho Chu gas/condensate fields in Block 51, and the Nam Du gas field in Block 46/07.

Prior to May 1, 2017, both blocks were held jointly with Petrovietnam Exploration and Production ("PVEP"), on a 70:30 Jadestone/PVEP working interest basis. Effective May 1, 2017, PVEP relinquished its working interests in both blocks, leaving Jadestone as operator with a 100% working interest. The amended investment licenses for the Block 51 PSC and Block 46/07 PSC, showing Jadestone as operator with a 100% working interest in both licenses, was approved by the Vietnam Government on October 14 and 15, 2019 respectively.

Jadestone's priority is to develop the Nam Du and U Minh fields with a view to selling gas into the Vietnamese domestic market. Accordingly, on May 21, 2018, the outline development plan ("ODP"), proposing a standalone joint development of these two fields, was approved by the Vietnamese Ministry of Industry and Trade. On October 17, 2019, Jadestone made the formal declaration of commercial discovery for the Nam Du and U Minh fields, and submitted the formal field development plan ("FDP") for the combined Nam Du/U Minh development project to Vietnam Oil and Gas Group ("PVN") for approval.

On March 19, 2020, the Company announced that in light of changing market conditions, and in the absence of government approvals of the FDP, the Company has decided to delay the project. It is now anticipated that first gas will be no earlier than late 2022.

Block 51 is currently held in a suspended development area ("SDA") status. The portion of the block containing the U Minh field will be converted to a development/production area upon approval of the FDP. The remainder of the block, including the Tho Chu field, will remain in SDA status until June 11, 2021. The Tho Chu field will be subject to a later development plan.

Under the terms of the Block 46/07 PSC, Jadestone is committed to drill one more appraisal well on the block. The Group plans to drill the appraisal well on the Nam Du field to prove up additional resource. This well is planned to be retained for future use as a Nam Du gas producer. On November 13, 2018, the Vietnam Government approved a request by the Group to extend the Block 46/07 exploration phase two period by a further two years to June 29, 2020. Jadestone submitted a request to PVN seeking Government approval for a further one-year extension to exploration phase two to June 29, 2021, and this was approved on February 26, 2020.

Block 127 PSC
Jadestone operated Block 127 PSC, with a 100% working interest, a legacy asset inherited from the prior management team. This predominantly deep water block covers an area of 9,000 km2 and is located at the southern end of the Phu Khanh Basin, off the east coast of Vietnam. During the quarter ended March 31, 2018, the Group performed a review of its asset base, and as a result of that review, decided to relinquish Block 127 at the end of the current exploration phase on May 24, 2018. Having completed all minimum work commitments, Jadestone informed PVN of its relinquishment decision on April 4, 2018, the license was returned in October 2018, and the Group has officially relinquished the PSC. The Group recorded an impairment charge of US$11.9 million during the three months ended March 31, 2018, reducing the book value to nil.

Block 05-1 PSC
On August 9, 2016, the Group, as buyer, signed a definitive agreement with Teikoku, a wholly-owned subsidiary of Inpex Corporation, as seller, for the acquisition of a 30% working interest in the Block 05-1 PSC, for a total cash consideration of US$14.3 million, and subject to normal closing adjustments.

On February 22, 2018, Teikoku delivered to Jadestone a purported notice of termination of the SPA, despite Teikoku having just received on February 9, 2018, the waiver by PVN, of PVN's statutory pre-emption rights, held under Vietnamese law. The Group has not accepted Inpex's alleged termination, and views the obligations of both parties under the SPA as continuing. The Group maintains its rights under the SPA, and is assessing its options, including remedies through legal action.

Philippines

Service Contract 56 ("SC56")
Jadestone holds a 25% interest in SC56 in partnership with operator Total E&P Philippines B.V. ("Total"). Four wells have previously been drilled on SC56, resulting in the Dabakan and Palendag discoveries. The current exploration period on the block runs until September 1, 2020.

In September 2012, Total farmed into SC56 and assumed a 75% interest, and in August 2014 formally confirmed its intention to drill an exploration well on the Halcon prospect. As a result of the Halcon confirmation, operatorship was transferred to Total, effective October 25, 2014. The Group views Halcon as an economically viable prospect with significant resource potential.

Total subsequently informed Jadestone that it did not intend to drill an exploration well on the Halcon prospect. In December 2017, the Group commenced an arbitration action against Total, claiming failure by Total to drill the well and resultant damages. On January 3, 2020, the tribunal found in favour of Jadestone and awarded monetary damages of US$11.1 million, plus legal fees of approximately US$4.3 million, less expenditure incurred prior to the breach.

On March 26, 2020, the Company received notification of the final award from the SIAC. The final award confirmed the appropriate deduction of US$0.7 million, which generated a net award of US$2.2 million after including all legal fees and the Company's share of the SIAC costs, and the deduction of litigation funding fees.

Under the terms of SC56, Total and Jadestone are committed to drill one more exploration well on the block prior to expiry. The Company continues to assess all available options in advance of the licence expiration on September 1, 2020. The Company's net share of the penalty in the event the well is not drilled is approximately US$2.4 million.

Service Contract 57 ("SC57")
The Group holds a 21% working interest in SC57, but it has been under force majeure since 2011, and these conditions are expected to continue for the next 12 to 24 months.

Operational Activities

Montara Oilfield

Production for 2019, the first full calendar year for Montara under Jadestone ownership, averaged 10,483 bbls/d[1], compared to 7,585 bbls/d for the post acquisition period September 28, 2018 to October 31, 2018 in the prior year. The facility was shut in from November 1, 2018 to January 11, 2019 to address an inspection and maintenance backlog. The 2018 full year production for Montara was 7,637 bbls/d, based on 304 days of production (i.e. excluding the voluntary shutdown during November and December, and including the period prior to the closing of the transaction on September 28, 2018).

During the three-month period ended December 31, 2019, Montara production averaged 10,894 bbls/d, compared to fourth quarter 2018 production of 2,570 bbls/d based on October production averaged across the whole quarter, as the field was voluntarily shut-in during November and December 2018.

There was a total of six liftings in 2019, resulting in total sales of 3,577,204 bbls, compared to the year ended December 31, 2018 of one lifting and total sales of 451,291 bbls from the date of closing the Montara acquisition on September 28, 2018 and the shut down between November 1, 2018 to January 11, 2019.

Stag Oilfield

Production for the 2019 calendar year averaged 3,049 bbls/d, compared to 2,799 bbls/d for the year ended December 31, 2018. The increase was due to the Stag 49H infill well which came online with an initial rate of 1,400 bbls/d upon completion on May 21, 2019, partially offset by downtime associated with cyclones in 2019, and delays to workovers in the first half of 2019, during the period that the 49H infill well was being drilled.

During the three-month period ended December 31, 2019, production was 3,808 bbls/d, compared to fourth quarter 2018 of 2,644 bbls/d, due to the impact of the additional production after completion of the 49H well on May 21, 2019, and also production optimisation for other wells.

There was a total of four liftings in 2019, resulting in total sales of 918,961 bbls, compared to the year ended December 31, 2018 of five liftings and total sales of 1,031,763 bbls.

Ogan Komering PSC

The Ogan Komering PSC expired on February 28, 2018, and a temporary co-operation contract was entered into, continuing the terms of the PSC which ended on May 19, 2018.

There was no production in 2019, compared to 1,439 bbls/d for the period January 1, 2018 to May 19, 2018. There was no production in the fourth quarter of 2019 or 2018.

1 Montara total production averaged across the full 365 days was 10,483bbl/d. Actual production for 2019 was 10,778 bbl/d averaged across 355 days of production from the start of Montara following the voluntary inspection and maintenance shutdown.

Selected Financial Information

The following table provides selected financial information of the Group, which was derived from, and should be read in conjunction with, the consolidated financial statements for the years ended December 31, 2019 and December 31, 2018.

	THREE MONTHS ENDED							
USD'000 EXCEPT WHERE INDICATED	**DEC 31, 2019**	**SEP 30, 2019**	**JUNE 30, 2019**	**MAR 31, 2019**	**DEC 31, 2018**	**SEP 31, 2018**	**JUNE 31, 2018**	**MAR 31, 2018**
Production (boe/day)	14,702	13,036	13,315	13,059	5,215	3,080	4,239	4,101
Revenues [1]	91,200	62,500	115,341	56,366	44,972	32,669	17,496	18,287
Net earnings/(loss)	10,364	19	21,762	8,360	(6,573)	(2,955)	(4,912)	(16,593)
- Per share: basic & diluted	0.02	0.00	0.05	0.02	(0.01)	(0.01)	(0.02)	(0.07)
Funds from/(used in) operating activities	45,846	37,114	33,013	28,664	32,495	(12,224)	(2,583)	77
- Per share: basic & diluted	0.10	0.08	0.07	0.06	0.07	(0.03)	(0.01)	0.00

1 Revenue was restated during Q4 2018, including prior periods, from a gross to net basis after deducting royalties, but including realised effective hedging gains/losses. This restatement has been undertaken pursuant to IFRS15 and implemented in the consolidated financial statements for the year ended December 31, 2018.

Quarter ended: Dec 31, 2019

The average production for the period was 14,702 bbls/d. The Group lifted 1,266,318 bbls during the quarter, which generated US$87.7 million in revenues, before hedging income of US$3.5 million, and US$45.8 million in operational cashflows after changes in working capital, interest and taxes.

Quarter ended: Sep 30, 2019

The average production for the period was 13,036 bbls/d. Three workovers at Stag were completed during the period, which had been delayed from the prior period, due to the drilling of 49H infill well. The Group lifted 891,644 bbls during the quarter, which generated US$58.3 million in revenues, before hedging income of US$4.2 million, and US$37.1 million in operational cashflows after changes in working capital, interest and taxes.

Quarter ended: Jun 30, 2019

The average production for the period was 13,315 bbls/d. The completion of the 49H infill well at Stag on May 21 generated initial production of over 1,400 bbls/d. The additional production was offset by three wells requiring workovers (subsequently undertaken in Q3 2019). The Group lifted 1,589,352 bbls during the quarter, which generated US$114.0 million in revenues, before hedging income of US$1.4 million, and US$33.0 million in operational cashflows.

Quarter ended: Mar 31, 2019

The average production for the period was 13,059 bbls/d, with Montara restarting production on January 11, 2019 (averaged across the whole quarter). The Group lifted 748,851 bbls during the quarter, which generated US$50.6 million in revenues, before hedging revenue of US$5.7 million, and US$28.7 million in operational cashflows

Quarter ended: Dec 31, 2018

Montara production averaged 7,628 bbls/d during October 2018, but was shut in to address an inspection and maintenance backlog during November and December. The average quarter production at Stag was 2,644 bbls/d, or a total of 5,215 bbls/d for the quarter including Montara October production averaged across the whole quarter. The period was impacted by an additional US$4.0 million charge for the safety inspection and maintenance work.

Quarter ended: Sep 30, 2018

Stag reported production for the quarter to September 30, 2018 of 3,080 bbls/d. The Montara Assets were acquired on September 28, 2018 and averaged 7,585 bbls/d for the three days to September 30, 2018, which is excluded from the production shown in the quarterly summary above. Funds used in operations include a net investment (i.e. funds outflow) in working capital of US$12.2 million.

Quarter ended: Jun 30, 2018

Production was 4,239 boe/d for the quarter, reflecting improved uptime at Stag, despite planned maintenance activities which caused the deferral of 38,000 bbls of production, or 417 bbls/d, for the quarter. Revenue was US$17.5 million, due to higher benchmark prices offset by lower production, with the expiry of the Ogan Komering PSC on May 19, 2018.

Quarter ended: Mar 31, 2018

Stag production was impacted by marine breakaway coupling and electric submersible pump issues, plus poor weather conditions.
Ogan Komering maintained steady production. Net earnings were impacted by an US$11.9 million exploration write-off, with respect to Block 127.

Production

USD'000	THREE MONTHS ENDED DEC 31, 2019	THREE MONTHS ENDED DEC 31, 2018	YEAR ENDED DEC 31, 2019	YEAR ENDED DEC 31, 2018
Montara crude oil (bbls/d)	10,894	2,571	10,483[1]	710
Stag crude oil (bbls/d)	3,808	2,644	3,049	2,799
Ogan Komering oil and gas (boe/d)	-	-	-	548
Total (boe/d)	**14,702**	**5,215**	**13,826[1]**	**4,057**

Production averaged 13,826[1] bbls/d during 2019, compared to 4,057 boe/d for the twelve months ended December 31, 2018 due to:

- First full year of Montara production generated an average annual increase of 10,068 bbls/d (2018 production: 710 bbls/d);
- Increased production at Stag by 250 bbls/d, due to additional production generated after completion of the 49H infill well on May 21, 2019, partially offset with higher than anticipated downtime due to cyclones and delayed workovers while drilling 49H; and
- The Ogan Komering PSC expired in 2018, which resulted in a fall in production of 548 boe/d averaged across 365 days. Average production based on the 139 days of production from January 1, 2018 to May 19, 2018 was 1,439boe/d.

Fourth quarter 2019 production of 14,702 bbls/d compares with 5,215 boe/d for the same quarter a year ago, largely due to the impact of the Montara shutdown during November and December 2018, and higher production at Stag in Q4 2019 in part due to the contribution from 49H.

Benchmark Commodity Price and Realised Price

The average annual benchmark Brent crude oil price decreased to US$64.27/bbl in calendar 2019, compared to US$71.31/bbl, in the twelve months ended December 31, 2018. The benchmark price for Q4 2019 was US$63.08/bbl, compared to US$68.81/bbl for the same quarter in 2018.

The average annual realised price in calendar 2019 was US$69.07/bbl, compared to US$69.39/bbl in the twelve months ended December 31, 2018. Realised prices were able to be maintained during the year, despite declining benchmark oil prices, as sales premiums on Stag and Montara increased from an average of US$3.65/bbl in Q1 2019, to US$6.22/bbl by the end of 2019. The demand for sweet crude oil has increased, and in particular in the case of Stag, for heavy sweet crude oil, given the International Maritime Organization ("IMO") 2020 regulations, which came into effect from January 1, 2020, reducing marine sector sulphur emissions in international waters.

The Brent benchmark price in Q4 2019 was US$63.08/bbl (Q4 2018: US$68.81/bbl), compared to realised prices of US$69.24/bbl (Q4 2018: US$67.51/bbl). Realised prices in Q4 2019 included an average premium of US$6.22/bbl (Q4 2018: US$2.78/bbl), due to the increased demand for sweet heavy crudes caused by the IMO 2020 regulations.

Implementation of New Accounting Standards

IFRS16 *Leases*
The Group has applied IFRS16 *Leases* (as issued by the IASB in January 2016) from January 1, 2019. The Company adopted the cumulative catch-up approach under IFRS16, which permits Jadestone to elect not to restate comparatives.

On adoption, IFRS16 changed how the Group accounts for leases previously classified as operating leases.

IFRS16 has the following impacts on the Group accounts:

- 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.

1 Total Group (Montara) production averaged across the full 365 days of 2019 was 13,531 bbls/d (10,483 bbls/d). Total Group (Montara) actual production for 2019 was 13,826bbls/d (10,778 bbls/d), averaged across 355 days of production from the restart of Montara, following the voluntary inspection and maintenance shutdown.

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 year. These relate to the following:

Montara - Restatement of purchase price adjustments in accordance with *IFRS3 Business Combinations*

During the year, the Group has completed the purchase price allocation ("PPA") exercise to determine the fair values of the net assets acquired within the stipulated time period of 12 months from the acquisition date of September 28, 2018, in accordance with IFRS3 *Business Combinations*. Following the transfer of operatorship on August 6, 2019, the Group was able to confirm an inventory adjustment of US$14.0 million in order to align with the Group's accounting policies. The adjusted fair values of identifiable assets and liabilities have been reflected in the consolidated statement of financial position as at December 31, 2018.

Below are the effects of the final PPA adjustments in accordance with IFRS3:

FAIR VALUE OF PURCHASE CONSIDERATION	PROVISIONAL PPA USD'000	ADJUSTMENTS USD'000	FINAL PPA USD'000
Asset purchase price	195,000	-	195,000
Crude inventory value	6,657	-	6,657
Capital charge	6,982	-	6,982
Net cash 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	997	819	1,816
Total	**127,894**	**819**	**128,713**

Assets acquired and liabilities assumed at the date of acquisition, September 28, 2018:

	PROVISIONAL PPA USD'000	ADJUSTMENTS USD'000	FINAL PPA USD'000
Asset			
Non-current assets			
Oil & gas properties	353,806	14,828	368,634
Current assets			
Inventories	35,373	(14,009)	21,364
Prepayments	4,917	-	4,917
Total assets	**394,096**	**819**	**394,915**
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	**127,894**	**819**	**128,713**

Results of Operations

CONSOLIDATED STATEMENT OF PROFIT & LOSS	THREE MONTHS ENDED DECEMBER 31, 2019 USD'000	2018 USD'000	YEAR ENDED DECEMBER 31, 2019 USD'000	2018 USD'000
Revenue	91,200	44,972	325,406	113,423
Production costs	(25,876)	(50,602)	(119,898)	(90,939)
Depletion, depreciation and amortisation	(27,331)	(5,932)	(90,746)	(13,776)
Staff costs	(6,328)	(3,921)	(19,714)	(13,538)
Other expenses	(2,471)	(3,276)	(11,692)	(10,374)
Impairment of assets	-	-	-	(11,901)
Other income	553	6,665	2,979	2,534
Finance costs	(3,267)	(5,186)	(16,443)	(9,240)
Other financial gains	582	12,345	3,389	12,345
Profit/(Loss) before tax	**27,062**	**(4,935)**	**73,281**	**(21,466)**
Income tax expense	(16,698)	(1,638)	(32,776)	(9,567)
Profit/(Loss) for the quarter/year	**10,364**	**(6,573)**	**40,505**	**(31,033)**
Earnings/(Loss) per ordinary share				
Basic and diluted (US$)	0.02	(0.01)	0.09	(0.10)
Consolidated statement of comprehensive income				
Profit/(Loss) for the quarter/year	**10,364**	**(6,573)**	**40,505**	**(31,033)**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
(Loss)/Gain on unrealised cash flow hedges	(9,688)	51,775	(30,542)	51,775
Hedging gain reclassified to profit & loss	(3,520)	(1,088)	(14,874)	(1,088)
	(13,208)	50,687	(45,416)	50,687
Tax income/(expense) relating to components of other comprehensive income	3,962	(15,207)	13,624	(15,207)
Other comprehensive (loss)/income	(9,246)	35,480	(31,792)	35,480
Total comprehensive income for the quarter/year	**1,118**	**28,907**	**8,713**	**4,447**

Revenue
Revenue for the year was US$325.4 million, compared to US$113.4 million for the twelve month period ended December 31, 2018. The variance of US$212.0 million was largely due to:

- Sales volumes of 4.5mm bbls in calendar 2019, compared to 1.7mm bbls in calendar 2018, or an additional US$195.2 million;
- An increase in hedging income of US$14.5 million, or income of US$14.9 million earned in 2019, compared to US$0.4 million incurred in 2018;
- An increase of US$3.5 million due to a royalty deduction in 2018 related to Ogan Komering not incurred in 2019; and
- A slight reduction in the annual net realised price to US$69.07/bbl in 2019, compared to US$69.39/boe in 2018, or a reduction of US$1.4 million.

Revenue for the three months ended December 31, 2019 was US$91.2 million, compared to US$45.0 million for the same quarter in 2018, or an increase of US$46.2 million, largely due to:

- Group liftings of 1.3mm bbls in Q4 2019, compared to 0.6mm bbls in Q4 2018, or an additional US$41.1 million;
- An increase in hedging income of US$3.1 million, or income of US$3.5 million earned in Q4 2019, compared to US$0.4 million in Q4 2018; and
- An increase in realised prices to US$69.24/bbl in Q4 2019, compared to US$67.51/bbl in Q4 2018, or an additional US$2.2 million.

Production costs
Production costs in 2019 were US$119.9 million, compared to US$90.9 million. The variance of US$29.0 million was due to:

- Montara's production costs increased by US$41.7 million, due to a full calendar year of ownership in 2019, compared to the period September 28, 2018 to December 31, 2018;
- Partly offset by a decrease in Stag's production costs of US$10.1 million, due in part to the adoption of IFRS16 *Leases* which transferred US$7.7 million to DD&A and finance costs. The remaining US$2.4 million year-on-year differential at Stag relates largely to movements in closing inventory. There were 581,128 bbls at December 31, 2019, compared to 138,425 bbls as at December 31, 2018; and
- Further partly offset by a decrease in Ogan Komering's production costs by US$2.6 million due to the expiry of the Ogan Komering PSC in 2018.

Production costs decreased to US$25.9 million during Q4 2019, compared to US$50.6 million for the same quarter in 2018, predominately due to:

- A decrease of US$15.6 million due to movements in crude oil inventories due to a significantly larger closing inventory balance for Q4 2019, compared to Q4 2018;
- A decrease of US$4.0 million in repairs and maintenance associated with the Montara shutdown between November 1, 2018 to January 10, 2019 incurred in 2018;
- A decrease of US$1.9 million due to the adoption of IFRS16, which transferred lease payments related to the Stag floating storage and offloading facility ("FSO") to DD&A and finance costs in Q4 2019, compared to Q4 2018 when they were recorded as production costs; and
- A decrease of US$3.4 million of inventory write down incurred at Montara in October 2018.

Depletion, depreciation and amortisation ("DD&A")
DD&A charge in 2019 was US$90.7 million, compared to US$13.8 million in 2018, with the increase predominately due to:

- An increase of US$68.7 million for the Montara depletion charge, largely due to a full year's operations in 2019, compared to one month in 2018. The Montara assets were acquired on September 28, 2018 and were shut down to address an inspection and maintenance backlog from November 1, 2018 to January 10, 2019. Montara's DD&A per unit of production increased from US$18.39/bbl in 2018 to US$19.20/bbl in 2019, due to the subsea umbilical project and other capex projects completed in 2019, which resulted in higher annual charges of US$3.3 million over the year;
- An additional US$14.9 million in calendar 2019 due to the recognition of right-of-use assets, pursuant to the adoption of IFRS16 *Leases*. In 2018, the operating leases were included in production costs and other expenses;
- Stag's DD&A increased by US$1.6 million, or from US$8.43/bbl in 2018 to US$9.20/bbl in 2019, due to the capital costs associated with the 49H infill well;
- A decrease of US$0.6 million related to the end of the PSC at Ogan Komering during 2018; and
- A decrease in inventory movements generated a negative variance of US$7.6 million, reflecting higher inventory balances at December 31, 2019 of 581,128 bbls, compared to 138,425 bbls held in inventory at December 31, 2018.

DD&A charge for the three-month period ended December 31, 2019 was US$27.3 million, compared to US$5.9 million in 2018, with the increase predominately due to:

- Montara depletion charges increased US$14.5 million due to additional production volumes in Q4 2019 of 1,002,224 bbls compared to 236,481 bbls in Q4 2018, as a result of the inspection and maintenance shutdown in November and December 2018;
- An additional US$4.1 million in Q4 2019, due to the recognition of right-of-use assets pursuant to the adoption of IFRS16 *Leases* from January 1, 2019;
- Montara unit DD&A increased from US$18.87/bbl in Q4 2018 to US$20.00/bbl in Q4 2019, generating an additional US$1.1 million expense, reflecting the capex projects brough on stream during the year including the subsea umbilical project;
- Stag produced higher volumes in Q4 2019 of 350,381 bbls, compared to 243,268 in Q4 2018, resulting in an increase of US$0.9 million in depletion charges; and
- The Stag unit DD&A increased from US$8.31/bbl in Q4 2018 to $9.24/bbl in Q4 2019, reflecting the additional capital expenditure associated with the 49H infill well, brought on-stream in Q2 2019. This generated a variance of US$0.3 million.

Staff costs
Staff costs in 2019 have increased to US$19.7 million in 2019, compared to US$13.5 million in 2018, predominately due to an increase in the number of staff in Australia since the Group took over the operatorship of Montara in August 2019, and in Vietnam in preparation for project sanction of Nam Du/U Minh.

As at December 31, 2019, there were 197 full time equivalent personnel ("FTE"), compared to 80 FTE's as at December 31, 2018.

Staff costs have increased to US$6.3 million during Q4 2019, compared to US$3.9 million for the same quarter in 2018, which reflected the annual trend in increased FTE's.

Other expenses

Other expenses for the full year 2019 were US$11.7 million (2018: US$10.4 million), with the variance predominately due to:

- An increase of US$1.6 million in one off projects (Maari US$0.7 million, Montara transition team US$3.1 million) and other consultancy services (US$1.1 million), compared to Montara acquisition costs of US$1.4 million and AIM listing expenses of US$1.9 million in 2018;
- An increase of US$0.8 million associated with ineffective cashflow hedge movements and foreign exchange losses, compared to US$ nil in 2018, due to ineffective hedge and foreign exchange gains recognised in other Income; and
- A decrease of US$0.7 million in office costs associated with the change in accounting policies under IFRS16 as office leases are now recognised in depreciation and finance costs.

During the quarter ended December 31, 2019, the Group incurred US$2.5 million of other expenses compared to US$3.3 million in Q4 2018, predominately due to:

- Professional fees incurred associated with the acquisition of Maari project of US$0.6 million in Q4 2019, compared US$1.1 million of fees in Q4 2018; and
- A decrease in rental expenses of US$0.3 million pursuant to the adoption of IFRS16.

Impairment of assets

The Group has conducted an impairment review in 2019 and concluded no impairment is required.

In 2018, the Group decided to relinquish block 127 in Vietnam after all work programme commitments had been performed, and wrote off all capitalised balances.

Finance costs

Finance costs have increased by US$7.2 million to US$16.4 million in 2019, compared to US$9.2 million 2018, predominately due to:

- An increase of US$3.1 million in interest expenses with US$6.1 million associated with a full year of interest in 2019 on the Group's reserve based loan ("RBL") (2018: US$3.0 million), compared to three months in 2018;
- An additional US$4.3 million of finance charges on lease liabilities pursuant to the adoption of IFRS16 effective January 1, 2019 (2018: US$ Nil);
- An increase of US$2.2 million of accretion expense for Montara and Stag's asset retirement obligations ("ARO") increased to US$5.8 million (2018: US$3.6 million), this was attributable to the annual update of changes in assumptions used in the calculation; and
- A decrease of US$ 2.5 million due to no convertible bond related expenses incurred in 2019, compared to US$2.5 million incurred in 2018 (convertible bond facility fees: US$0.6 million, bond accretion expense: US$0.7 million and fair value loss: US$1.2 million), as the bond was repaid in August 2018.

Finance costs for the quarter ended December 31, 2019 were US$3.3 million, a decrease of US$1.9 million from the same period in 2018, predominately due to:

- An increase of US$1.0 million for finance charges on lease liabilities pursuant to the adoption of IFRS16 effective January 1, 2019 (2018: US$ Nil);
- A decrease of US$2.1 million associated with lease RBL interest decreased from US$3.0 million in Q4 2018 to US$0.9 million in Q4 2019, as the Group paid down the loan from US$120.0 million since the draw down date of September 28, 2019, to US$49.1 million as at December 31, 2019; and
- A decrease of US$0.8 million of accretion expense on ARO in Q4 2019 to US$1.2 million (2018: US$2.0 million), due to the annual review and changes in assumptions supporting the calculation.

Other financial gains

Other financial gains decreased by US$9.0 million to US$3.4 million in 2019, compared to US$12.3 million in 2018, due to a change in the fair value of contingent payments associated with Montara.

Management deemed two Montara contingent payments as probable at the acquisition date closing date of September 28, 2018. The two contingent payments are US$20.0 million and US$10.0 million and are triggered if the average Dated Brent oil price is above US$80/bbl in each of 2019 and 2020 respectively. The fair value of the contingent payments as at the end of 2018 was US$3.7 million, having been revised down from US$15.8 million at acquisition closing date, generating a gain of US$12.1 million in 2018.

During 2019, the Group has derecognised the 2019 deferred contingent payment as the annual average Dated Brent oil price in 2019 fell below US$80/bbl. As at December 31, 2019, the fair value of the remaining US$10.0 million contingent payment has been re-assessed at US$0.4million, resulting in a gain of US$3.4 million.

The quarterly movement between Q4 2019 and Q4 2018 is US$11.8 million, this was predominately due to the assessed fair value of the Montara contingent payments of US$0.6 million (2018: $12.1 million).

Taxation

USD'000	THREE MONTHS ENDED DEC 31, 2019	THREE MONTHS ENDED DEC 31, 2018	YEAR ENDED DEC 31, 2019	YEAR ENDED DEC 31, 2018
Current tax				
Corporate	(11,953)	(483)	(43,370)	(2,188)
Petroleum resource rent tax ("PRRT")	(1,509)	(2,757)	1,850	(6,221)
	(13,462)	(3,240)	(41,520)	8,409
Deferred tax				
Tax depreciation	2,689	(4,014)	20,285	(3,196)
Tax losses	-	4,972	(5,257)	2,812
PRRT	(5,925)	644	(6,284)	(774)
	(3,236)	1,602	8,744	(1,158)
	(16,698)	**(1,638)**	**(32,776)**	**(9,567)**

The overall tax charge in 2019 increased by US$23.2 million, largely due to:

- Current corporate income tax increased by US$41.2 million predominately due to:
  - Montara generating an income tax charge of US$38.7 million (2018: US$ Nil). There was no income tax charge generated by Montara in 2018 due to losses incurred for the period between acquisition closing (September 28, 2019), to the financial year end. The comparable period tax losses arose largely due to to the assets being shut down for an inspection and maintenance backlog between November 1, 2018 to January 10, 2019;
  - Stag generating an income tax charge of US$4.7 million (2018: US$1.3 million) reflecting the increase in profitability during the year due to higher production and revenues, and lower production costs; and
  - No income tax charge for Ogan Komering in 2019, compared to US$0.9 million in 2018, following expiry of the Ogan Komering PSC in Q2 2018.
- Current period PRRT decreased by US$8.1 million as the Group paid US$6.2 million in 2018 but generated a PRRT tax credit of US$1.9 million in 2019; the latter a result of the drilling of the 49H infill well at Stag in Q2 2019 . Montara has PRRT carried forward credits of US$3.1 billion as at December 31, 2019, the utilisation of credits was exceeded by the augmentation of the existing balance;
- A reduction in deferred tax liabilities, associated with oil & gas properties depletion charges, resulted in a deferred tax credit of US$20.3 million for the current year (2018: increased tax expense by US$3.2 million). This portion of deferred tax liabilities relates to the larger accounting basis for Montara's oil & gas properties, relative to its tax basis, and the deferred tax liability reduces in line with depletion charges;
- Utilisation of Montara carry forward tax losses from 2018 in the course of 2019 gave rise to a charge of US$5.3 million (2018: income of US$2.8 million); and
- Deferred PRRT expense of US$6.3 million arose due to an increase in deferred tax liabilities associated with Stag PRRT (2018: US$0.8million), mostly attributable to the capitalised cost of the 49H infill well for book purposes.

The overall tax charge during Q4 2019 increased by US$15.1 million, largely due to:

- Current corporate income tax increased US$11.5 million predominately due to:
  - Montara generating an income tax charge of US$7.5 million (2018: (US$ Nil)). There was no income tax charge generated by Montara in 2018; and
  - Stag generating a charge of US$4.5 million (2018: US$0.5 million) reflecting the increase in profitability.
- Current PRRT expense for Q4 2019 was US$1.5 million, down US$1.2 million from PRRT expense in Q4 2018 of US$2.8 million, due to higher PRRT deductibles in 2019, including the costs of the 49 infill well;
- A reduction in deferred tax liabilities, associated with oil & gas properties depletion charges, resulted in a deferred tax credit of US$2.7 million (Q4 2018: increased tax expense by US$4.4 million). This portion of deferred tax liabilities relates to the larger accounting basis for Montara's oil & gas properties, relative to its tax basis, and the deferred tax liability reduces in line with depletion charges;
- Deferred taxes, in respect of historic carry forward tax losses, was unchanged in Q4 2019, whereas in Q4 2018 there was a tax credit of US$5.0 million arising from the creation of a deferred tax asset due to tax losses at Montara during Q4 2018, largely a result of the inspection and maintenance shutdown; and
- Deferred PRRT expense at US$5.9 million as a result of an increase in deferred tax liabilities associated with Stag PRRT (2018: tax credit of US$0.6million), mostly attributable to the capitalised cost of the 49H infill well for book purposes.

Other comprehensive income

USD'000	THREE MONTHS ENDED DEC 31, 2019	THREE MONTHS ENDED DEC 31, 2018	YEAR ENDED DEC 31, 2019	YEAR ENDED DEC 31, 2018
Profit/(Loss) for the quarter/year	10,364	(6,573)	40,505	(31,033)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
(Loss)/Gain on unrealised cash flow hedges	(9,688)	51,775	(30,542)	51,775
Hedging gain reclassified to profit & loss	(3,520)	(1,088)	(14,874)	(1,088)
	(13,208)	50,687	(45,416)	50,687
Tax income/(expense) relating to components of other comprehensive income	3,962	(15,207)	13,624	(15,207)
Other comprehensive (loss)/income	(9,246)	35,480	(31,792)	35,480
	1,118	**28,907**	**8,713**	**4,447**

Loss on cash flow hedges
During Q3 2018, the Group entered into a capped swap to hedge approximately 50% of planned production from the existing wells at Montara over the period October 1, 2018 through to September 30, 2020, at swap rates commencing at US$74.22/bbl, through to US$66.62/bbl, by September 2020. Calls for a portion of the swapped barrels were bought at a US$80/bbl strike price to September 30, 2019, and at US$85/bbl thereafter.

The swap contracts settle monthly, based on the average Dated Brent oil price in the prevailing month.

The capped swap has been designated as a cash flow hedge, and assessed to be effective with a fair value of US$5.3 million, as at December 31, 2019 (December 31, 2018: US$51.3 million). The fair value is based on third-party valuations for similar products on relevant markets.

The Group recognised a fair value loss on unrealised cashflow hedges for the year ended December 31, 2019 of US$30.5 million (year to December 31, 2018: gain of US$51.8 million), and a fair value loss on unrealised cashflow hedges of US$9.7 million in the three month period ended December 31, 2019 (Q4 2018: gain of US$51.8 million), reflecting the movements in fair value of the remaining hedge contracts on the balance sheet.

Hedging gain reclassified to profit and loss
Following swap settlements, the reclassification of hedge contracts for the year ended December 31, 2019 gave rise to a transfer from other comprehensive income to revenue of US$14.9 million (year to December 31, 2018: US$1.1 million), and for the three-month period ended December 31, 2019, a transfer to revenue of US$3.5 million (Q4 2018: US$1.1 million). The movement relates to the settlement of hedge contracts associated with the Montara capped swap throughout 2019, and the ineffective mark-to-market revaluation of the remaining open Montara capped swap contracts.

Tax relating to components of other comprehensive income
The tax components of other comprehensive income for the year ended and three months ended December 31, 2019 are a tax credit of US$13.6 million and US$4.0 million, respectively, which reflects the deferred tax impact on the net income or expense for the periods.

Financial Position

The following provides selected financial information of the Group, which was derived from, and should be read in conjunction with, the audited consolidated financial statements for the years December 31, 2019 and December 31, 2018.

USD'000	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
Non-current assets	594,170	587,696
Current assets	160,911	142,671
Non-current liabilities	395,463	429,936
Current liabilities	134,151	85,170
Shareholders' equity	225,467	215,261

Non-current assets

USD'000	DECEMBER 31, 2019	DECEMBER 31, 2018
Intangible exploration assets	116,096	95,607
Oil and gas properties	383,018	430,193
Plant and equipment	1,780	1,709
Right-of-use assets	59,787	-
Derivative financial instruments	-	15,339
Restricted cash	17,477	23,561
Deferred tax assets	16,012	21,287
Total non-current assets	**594,170**	**587,696**

Non-current assets as at December 31, 2019 are US$594.2 million (2018: US$587.7 million), an increase of US$6.5 million, predominately due to:

- **Intangible exploration assets** - increased by US$20.5 million largely due to the increased expenditure in Vietnam, in preparation of project sanction of Nam Du/U Minh;
- **Oil and gas properties** - decreased by US$47.2 million due to depletion charges for the year, partly offset by costs associated with the Stag 49H infill well, changes in ARO assumption at Montara and Stag, and pipeline maintenance, among other factors;
- **Right-of-use assets** - increased by US$59.8 million, pursuant to the adoption of IFRS16;
- **Derivative financial instruments** - reduced to nil as at December 31, 2019, from US$15.3 million in 2018, as the swap contracts expire on September 30, 2020 and the balance has been transferred to current assets;
- **Restricted cash** - decreased by US$6.1 million to US$ 17.5 million, reflecting the declining debt service reserve account balance under the RBL; and
- **Deferred tax assets** - decreased by US$5.3 million due to the utilisation of PRRT credits brought forward from the prior year at Stag.

Current assets

USD'000	DECEMBER 31, 2019	DECEMBER 31, 2018
Inventories	31,411	15,822
Trade and other receivables	42,283	32,800
Derivative financial instruments	5,275	35,985
Restricted cash	6,008	5,083
Cash and cash equivalents	75,934	52,981
Total current assets	**160,911**	**142,671**

Current assets as at December 31, 2019 were US$160.9 million, compared to US$142.7 million as at December 31, 2018, the increase of US$18.2 million predominately due to:

- **Inventories** - increased by US$15.6 million due to higher closing crude oil inventories at Stag and Montara;
- **Trade and other receivables** - increased by US$9.5 million due to the timing of liftings and invoice settlements at Montara. The last lifting for Montara was completed on December 17, 2019 with 30 days settlement terms; the cash receipt for this lifting of US$33.9 million was received in January 2020;
- **Derivative financial instruments** - decreased by US$30.7 million to reflect the changes in fair value of the remaining swap contracts that expire on September 30, 2020; and
- **Restricted cash, plus cash and cash equivalents** - increased by US$23.9 million, due to organic cash generation in the business in 2019.

Non-current liabilities

USD'000	DECEMBER 31, 2019	DECEMBER 31, 2018
Provisions	280,418	284,300
Borrowings	7,328	49,420
Lease liabilities	42,533	-
Other payable	359	3,748
Deferred tax liabilities	64,825	92,468
Total non-current liabilities	**395,463**	**429,936**

Non-current liabilities as at December 31, 2019 were US$395.5 million, a decrease of US$34.5 million from December 31, 2018, predominately due to:

- **Provisions** - decreased by US$3.9 million, due to a decrease in the ARO provision of US$2.3 million, reflecting the impact of changes in discount rate assumptions and estimates, and a reduction in the provision for Stag FSO of US$1.6 million due to changes in estimates;
- **Borrowings** - decreased by US$42.1 million due to the reclassification of non-current to current liabilities as at December 31, 2019 year end, following RBL repayments made by the Group during 2019;
- **Lease liabilities** - increased by US$42.5 million pursuant to the adoption of IFRS16;
- **Other payable** - decreased by US$3.4 million due to the reduction in fair values of the contingent payments to PTTEP, the vendor of the Montara assets; and
- **Deferred tax liabilities** - decreased by US$27.6 million due to changes in taxable timing differences from Montara.

Current liabilities

USD'000	DECEMBER 31, 2019	DECEMBER 31, 2018
Borrowings	41,795	52,393
Lease liabilities	19,739	-
Trade and other payables	27,962	31,493
Tax liabilities	44,655	1,284
Total current liabilities	**134,151**	**85,170**

Current liabilities as at December 31, 2019 were US$134.2 million, an increase of US$49.0 million from December 31, 2018, predominately due to:

- **Borrowings** - decreased by US$10.6 million due to repayments of the RBL by the Group during 2019;
- **Lease liabilities** - increased by US$19.7 million pursuant to the adoption of IFRS16;
- **Trade and other payables** - decreased by US$3.5 million due to differences in settlement dates of standard payables amounts; and
- **Tax liabilities** - increased by US$43.4 million mainly due to the increase in tax liabilities from Montara of US$38.7 million, as a result of profit before tax achieved by Montara in 2019, compared to a loss before tax in 2018.

Share Capital

The share capital consists of fully paid ordinary shares with a nil par value. All shares are equally eligible to receive dividends and the repayment of capital, and each share is entitled one vote at the shareholders' meeting.

	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018
Number of issued ordinary shares	461,042,811	461,009,478
	USD'000	**USD'000**
At beginning of the year	466,562	364,466
Issued during the year	11	102,096
At end of the year	466,573	466,562

Shareholders' equity

Shareholders' equity increased by US$10.2 million compared to 2018, due to the profit after tax of US$40.5 million generated in the current year, and transactions with owners of US$1.4 million, partly offset by other comprehensive loss of US$31.8 million arising from Montara hedging instruments.

Liquidity And Capital Resources

Cash at bank

As at December 31, 2019, cash and bank balances were US$75.9 million, excluding restricted cash and the debt service reserve account established in support of the RBL, compared with US$53.0 million as at December 31, 2018. The following table provides select cashflow information for the 12 month periods indicated:

USD'000	DECEMBER 31, 2019	DECEMBER 31, 2018
Net cash generated from operating activities	144,637	17,763
Net cash used in investing activities	(50,829)	(161,354)
Net cash (used in)/generated from financing activities	(70,863)	184,861
Net increase in cash and cash equivalents	22,945	41,270
Cash and cash equivalents at beginning of the year	52,981	10,450
Cash and cash equivalents at end of the year	**75,934**	**52,981**

The cash balances improved as at December 31, 2019, compared to 2018, due to organic operating cash generation during the year. The increase in cash balances was partly used for acquisition of oil and gas properties of US$45.2 million and repayment of the RBL of US$54.2 million during the year, hence the net cash used in each of investing and financing activities in 2019.

Working capital

Working capital is the amount by which current assets exceed current liabilities. As at December 31, 2019, the Group's working capital remains positive at US$26.8 million, a decrease of US$30.7 million compared to December 31, 2018. A breakdown of the Group's working capital is as follows:

USD'000	AS AT DECEMBER 31, 2019	AS AT DECEMBER 31, 2018	CHANGE
Current assets	160,911	142,671	18,240
Current liabilities	134,151	85,170	48,981
Net working capital	**26,760**	**57,501**	**(30,741)**

The reduction in working capital is predominately due to the recognition of current lease liabilities of US$19.7 million pursuant to the adoption of IFRS16 effective January 1, 2019. Additionally, there was reduction in the carrying amount of derivative financial assets by US$30.7 million, based on the redetermination of its fair value as at December 31, 2019. The reduction is partially offset by the increase in inventories of US$15.6 million with higher unsold crude oil stocks as at December 31, 2019, relative to December 31, 2018.

Contractual obligations and commitments

At year-end, the Group has outstanding commitments under operational and capital commitments that fall due as follows:

	TOTAL USD'000	LESS THAN 1 YEAR 2019	1-5 YEARS USD'000	AFTER 5 YEARS USD'000
Montara operational and capital commitments	19,441	19,441	-	-
SEA portfolio PSC operational commitments	10,000	10,000	-	-
Total	**29,441**	**29,441**	**-**	**-**

The SEA portfolio PSC operational commitments as at December 31, 2019 amounting to US$10.0 million (2018: US$ 10.0 million), relates to the minimum work commitment outstanding in exploration phase two of the Block 46/07 PSC, for the drilling of a further well.

Under the terms of the Block 46/07 PSC, Jadestone is committed to drill one more appraisal well on the block. The Company plans to drill an appraisal well on the Nam Du field to facilitate transition of 3C resource to 2C status. This well would be retained for future use as a Nam Du gas producer. On July 9, 2019, the Company submitted a request to the Vietnam Government, for a further one-year extension to the Block 46/07 PSC exploration phase two period to June 29, 2021, and this was approved on February 26, 2020. Following the Group's announcement on March 19, 2020 to delay the project, the Group will seek Vietnam Government approval for a further extension 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.

Non-Gaap Measures

Net (cash)/debt

Net (cash)/debt is a non-GAAP measure which does not have a standardised meaning prescribed by IFRS. This non-GAAP finance measure is included because management uses the information to analyse financial strength of the Group. The measure is used to ensure capital is managed effectively in order to support its ongoing operations, and to raise additional funds if required.

	2019 USD'000	2019 USD'000
Gearing ratio		
Debt	49,123	101,813
Cash and cash equivalents	(75,934)	(52,981)
Restricted cash	(13,485)	(18,644)
Net (cash)/debt	**(40,296)**	**30,188**
Equity	225,467	215,261
Net debt to equity ratio	**N/M**	**14%**

Debt is defined as long and short-term interest bearing debt, and excludes derivatives. 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 US$13.5 million in the RBL debt service reserve account (2018: US$18.6 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. Equity includes all capital and reserves of the Group that are managed as capital.

EBITDAX

EBITDAX is a non-GAAP measure which does not have a standardised meaning prescribed by IFRS. This non-GAAP finance measure is included because management uses the information to analyse financial performance of the Group.

	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018
Revenue	325,406	113,423
Production cost	(119,898)	(90,939)
Staff cost	(19,714)	(13,538)
Impairment	-	(11,901)
Other expenses	(11,692)	(10,374)
Other financial gains	3,389	12,345
Reported EBITDAX	177,491	(984)
Depletion, depreciation and amortisation	(90,746)	(13,776)
	86,745	(14,760)
Non-recurring		
Hedge gain	14,242	(996)
Riserless light well intervention	(18,720)	-
Other well workovers	(5,065)	(2,220)
Impairment of assets	-	(11,901)
Montara shutdown costs	-	(4,043)
Others	(3,860)	(6,354)
Gain on contingent considerations	3,389	12,345
	(10,014)	(11,177)
Adjusted EBITDAX	**187,505**	**10,193**

Financial Instruments, Financial Risks And Capital Management

For a detailed analysis of how the Group manages its financial instruments, financial risks and capital management, see the audited consolidated financial statements for the years ended December 31, 2019 and December 31, 2018. The financial risks, instruments and capital market strategies have not materially changed since the year end.

Financial assets and liabilities

Current assets and liabilities

Management considers that due to the short-term nature of the Group's current assets and liabilities, the carrying values equate to their fair value.

Non-current assets and liabilities

All non-current assets and liabilities are reflected at fair value.

USD'000	DECEMBER 31, 2019	DECEMBER 31, 2018
Financial assets		
At amortised cost	135,737	86,539
Derivative instruments designated in hedge accounting relationships	5,275	51,324
	141,012	**137,863**
Financial liabilities		
At amortised cost	419,671	417,606
Contingent consideration for a business combination	359	3,748
	420,030	**421,354**

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

Commodity price risk

The Group's earnings are affected by changes in oil and gas prices. The Group manages this risk by monitoring oil and gas prices, and entering into commodity hedges against fluctuations in oil prices, if considered appropriate.

The Group has entered into hedge contracts for sales based upon planned production at Montara.

Montara

The Group hedged 50% of its planned production volumes at Montara for the 24 months to September 30, 2020 from its existing well stock. The hedge is a capped swap, providing downside price protection while allowing for participation in higher commodity prices via purchased call options. The call strike is set at US$80/bbl for the nine months to September 31, 2019 and US$85/bbl for the twelve months to September 2020. The swap price was set at US$78.26/bbl for Q4 2018, US$71.72/bbl for 2019 and US$68.45/bbl for the nine months to September 2020. Approximately two thirds of the swapped barrels in 2019 and 2020 have upside price participation via purchased calls. The effective date of the hedge contracts is October 1, 2018.

Commodity price sensitivity

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

The table below summarises the impact on profit/(loss) before tax, and on equity, from changes in commodity prices on the fair value of derivative financial instruments. The analysis is based on the assumption that the crude oil price moves 10%, with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of recent historical prices and current economic forecasters' estimates.

GAIN OR LOSS	EFFECT ON THE RESULT BEFORE TAX FOR THE YEAR ENDED DECEMBER 31, 2019 USD'000	EFFECT ON OTHER COMPREHENSIVE INCOME BEFORE TAX FOR THE YEAR ENDED DECEMBER 31, 2019 USD'000	EFFECT ON THE RESULT BEFORE TAX FOR THE YEAR ENDED DECEMBER 31, 2018 USD'000	EFFECT ON OTHER COMPREHENSIVE INCOME BEFORE TAX FOR THE YEAR ENDED DECEMBER 31, 2018 USD'000
Increase by 10%	-	(7,266)	(1)	(16,729)
Decrease by 10%	-	7,266	1	16,729

Foreign currency risk

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

Cash and bank balances are generally held in the currency of likely future expenditures to minimise the impact of currency fluctuations. It is the Group's normal practice to hold the majority of funds in US Dollars in order to match the Group's revenue and expenditures. The Group's US$120.0 million reserve based loan facility is a US Dollar denominated instrument.

In addition to US Dollars, the Group transacts in various currencies, including Australian Dollars, Singapore Dollars, Vietnamese Dong, Malaysian Ringgit, Canadian Dollars, Indonesian Rupiah and Great British Pounds.

Material foreign denominated balances were as follows:

	2019 USD'000	2018 USD'000
Cash and bank balances		
Australian Dollars	7,088	4,923
Trade and other receivables		
Australian Dollars	5,853	5,237
Trade and other payables		
Australian Dollars	21,231	1,974

If the Australian dollar weakens/strengthens by 10% against the functional currency of the Group, profit or loss will increase/decrease by US$0.8 million (2018: decrease/increase by US$0.8 million).

Interest rate risk

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

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

On August 2, 2018, the Group entered into an RBL agreement with the Commonwealth Bank of Australia and Société Générale to borrow US$120.0 million, repayable quarterly to March 31, 2021. The loan was fully drawn down on September 28, 2018, and incurs interest at LIBOR plus 3%.
The loan incurred initial costs of US$3.2 million, which were offset against the proceeds received.

Based on the carrying value of the RBL as at December 31, 2019, if interest rates had increased or decreased by 1% and all other variables remained constant, the Group's quarterly net income/(loss) before tax would have decreased or increased by US$0.1 million (2018: US$0.3 million).

Credit risk

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

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

The Group trades only with recognised, creditworthy third parties.

The Group's current credit risk grading framework comprises the following categories:

CATEGORY	DESCRIPTION	BASIS FOR RECOGNISING EXPECTED CREDIT LOSSES ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	EXTERNAL CREDIT RATING	INTERNAL CREDIT RATING	12-MONTH ("12M") OR LIFETIME ECL	GROSS CARRYING AMOUNT (i) USD'000	LOSS ALLOWANCE USD'000	NET CARRYING AMOUNT USD'000
2019						
Cash and bank balances	n.a	Performing	12m ECL	99,419	-	99,419
Trade receivables	n.a	(i)	Lifetime ECL	34,007	-	34,007
Other receivables	n.a	Performing	12m ECL	2,311	-	2,311
2018						
Cash and bank balances	n.a	Performing	12m ECL	81,625	-	81,625
Trade receivables	n.a	(i)	Lifetime ECL	57	-	57
Other receivables	n.a	Performing	12m ECL	4,857	-	4,857

(i) For trade receivables, the Group has applied the simplified approach in IFRS9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using specific identification, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of specific identification.

As at December 31, 2019, total trade receivables amounted to US$34.0 million (2018: US$0.1 million). The balance in both 2019 and 2018 had been fully recovered in 2020 and 2019, respectively. The Group has derivative receivables of US$0.5 million and US$3.4 million within other receivables in 2019 and 2018, respectively, and these balances were received in full in January 2020 and 2019, respectively.

The concentration of credit risk relates to the main counterparty to oil and gas sales in Australia, where the sole customer has an A1 credit rating (Moody's). All trade receivables are generally settled 30 days after sale date. In the event that an invoice is issued on a provisional basis then the final reconciliation is paid within 3 days of the issuance of the final invoice, largely mitigating any credit risk.

The Group recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated based on days past due, by applying a percentage of expected non-recoveries for each group of receivables. As at financial period end, ECL from trade and other receivables are expected to be insignificant.

Cash and bank balances are placed with reputable banks and financial institutions, which are regulated, and with no history of default.

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

Liquidity risk

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

The Group manages it liquidity risk by optimising positive free cash flow from its producing assets, on-going cost reduction initiatives, bank balance on hand, and merger and acquisition strategies.

The Group net profit after tax for the year was US$40.5 million (2018: loss after tax US$31.0 million). Operating cash flows before movements in working capital and net cash generated from operating activities for the year ended December 31, 2019 was positive of US$176.7 million and US$144.6 million, respectively (year ended December 31, 2018: negative of US$0.3 million; net cash generated of US$17.8 million). The Group's net current assets remained positive at US$34.2 million as at December 31, 2019 (December 31, 2018: US$57.5 million).

The Group's RBL is sized on a borrowing base drawn from projected cash flows from the Montara Assets, and based on proved and probable producing reserves (2PD) but including certain infill wells. This borrowing base is subject to scheduled semi-annual redeterminations and as such, and in the event of a significant reduction in the borrowing base, there is a risk that scheduled repayments may increase to offset any such borrowing base deficiency. The existing borrowing base, as assessed by the lenders as at December 2019, is significantly above aggregate commitments.

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

Non-derivative financial liabilities

The following table details the expected maturity for non-derivative financial liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest that will be accrue on those liabilities, except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the estimated future cash flows attributable to the instrument included in the maturity analysis, which are not included in the carrying amount of the financial liability on the consolidated statement of financial position, namely interest expense.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	ON DEMAND OR WITHIN 1 YEAR USD'000	WITHIN 2 TO 5 YEARS USD'000	MORE THAN 5 YEARS USD'000	ADJUSTMENTS USD'000	TOTAL USD'000
2019						
Non-interest bearing	-	48,086	55,503	275,422	(8,463)	370,548
Variable interest rate instruments	7.735	44,425	7,477	-	(2,779)	49,123
		92,511	**62,980**	**275,422**	**(11,242)**	**419,671**
2018						
Non-interest bearing	-	31,493	6,603	277,697	-	315,793
Variable interest rate instruments	8.071	58,907	52,182	-	(9,276)	101,813
		90,400	**58,785**	**277,697**	**(9,276)**	**417,606**

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management, as the Group's liquidity risk is managed on a net asset and liability basis. The table has been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those assets, except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the estimated future cash flows attributable to the instrument included in the maturity analysis, which are not included in the carrying amount of the financial asset on the consolidated statement of financial position, namely interest income.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	ON DEMAND OR WITHIN 1 YEAR USD'000	WITHIN 2 TO 5 YEARS USD'000	ADJUSTMENTS USD'000	TOTAL USD'000
2019					
Non-interest bearing	-	36,318	-	-	36,318
Variable interest rate instruments	-*	89,419	10,000	-*	99,419
		125,737	**10,000**	**-***	**135,737**
2018 (Restated)					
Non-interest bearing	-	4,914	-	-	4,914
Variable interest rate instruments	-*	58,064	23,561	-*	81,625
		62,978	**23,561**	**-***	**86,539**

* The effect of interest is not material.

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 year ended December 31, 2019. The Group is not subject to externally imposed capital requirements.

The Group's overall strategy remains unchanged from 2018.

Fair value measurements

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

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

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

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

FINANCIAL ASSETS/ FINANCIAL LIABILITIES	FAIR VALUE (USD'000) AS AT 2019 ASSETS	2019 LIABILITIES	2018 ASSETS	2018 LIABILITIES	FAIR VALUE HIERARCHY	VALUATION TECHNIQUE(S) AND KEY INPUT(S)	SIGNIFICANT UNOBSERVABLE INPUT(S)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Derivative financial instruments								
1) Commodity capped swap contracts (Note 36)	5,275	-	51,324	-	Level 2	Third party valuations based on market comparable information.	n.a.	n.a.
Others - contingent consideration in a business combination								
2) Contingent consideration (Note 7 and 30)	-	359	-	3,748	Level 3	Based on the nature and the likelihood of occurrence of the trigger event. Fair value is estimated using future Dated Brent price forecasts at the end of the reporting period, taking into account the time value of money and volatility of oil prices.	Expected future oil price volatility of 25% is based on an analysis of Brent oil price movement prior to acquisition date.	A slight increase in Brent oil prices would result in a significant increase in the fair value and vice versa.

Business Risks and Uncertainties

Jadestone, like all companies in the oil and gas industry, operates in an environment subject to inherent risks. Many of these risks are beyond the ability of a company to control, including those associated with exploring for, developing, and producing economic quantities of hydrocarbons, volatile commodity prices, governmental regulations, and environmental matters.

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. The COVID-19 and 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 9.7 mm bbls/d effectively from May 2020.

The decline in Dated Brent oil price due to factors set out above has been assessed to be a non-adjusting post balance sheet event in accordance with IAS 10.

The depressed Dated Brent 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. Plus, the crude at both Stag and Montara has generated a premium above the 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 December 31, 2019, the spot price for Dated Brent was US$66.8/bbl. Since that time, Dated Brent oil prices have fallen to around US$19.10/bbl as at April 20, 2020, due to the impact of Coronavirus ("COVID-19") on oil demand.

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 price 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$22/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 comfortably continue as a going concern.

Operational

Key risks at an operational level include, but are not limited to: operational and safety considerations, risks from operating in an offshore environment, shipping and pipeline transportation and interruptions, reservoir performance and technical challenges, partner risks, competition, technology, the Company's ability to hire and retain necessary skilled personnel, the availability of drilling and related equipment, information systems, seasonality and disruptions from severe weather and met-ocean restrictions, timing and success of integrating the business and operations of acquired assets and companies, phased growth execution, risk of litigation, regulatory issues, increases in government taxes and other fiscal changes, and risk to reputation resulting from operational activities that may cause personal injury, property damage or environmental damage.

Environmental

Jadestone is currently subject to environmental regulations arising from a variety of federal, regional and/or state legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites.

Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorisations, civil liability for pollution damage and the imposition of material fines and penalties. Further, environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Jadestone believes that it is, and will be, in material compliance with current applicable environmental legislation, however no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on Jadestone's business, financial, result of operations and prospects.

To mitigate these risks, the Group's HSE policy is reinforced at every stage of each operational contract. As part of all contract tendering, the Group may request, and may subsequently audit, the HSE procedures of relevant sub-contractors, to ensure they are in line with standard industry practice, local regulatory and Group's requirements.

In accordance with industry practice, the Group maintains insurance coverage against losses from certain of these risks. Nonetheless, insurance proceeds may not be sufficient to cover all losses, and insurance coverage may not be available for all types of operational risks.

The ability of the Group to meet its obligations is dependent upon there being sufficient financial resources. External financing, from the farm-out of equity in assets and potentially through the issuance of common shares may be required to fund future activities. There can be no assurance that the Group will be able to successfully raise funds in the future.

The forgoing list of risks and uncertainties is not exhaustive.

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 secondly 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:

	PRODUCING ASSETS		EXPLORATION		
	AUSTRALIA USD'000	SEA USD'000	SEA USD'000	CORPORATE USD'000	TOTAL USD'000
2019					
Revenue					
Liquids revenue	325,406	-	-	-	325,406
	325,406	**-**	**-**	**-**	**325,406**
Production cost	(119,898)	-	-	-	(119,898)
DD&A	(90,277)	-	(113)	(356)	(90,746)
Staff costs	(7,282)	-	(3,543)	(8,889)	(19,714)
Other expenses	(7,012)	-	(278)	(4,402)	(11,692)
Other income	2,971	-	2	6	2,979
Finance costs	(16,387)	-	(7)	(49)	(16,443)
Other financial gain	3,389	-	-	-	3,389
Profit/(Loss) before tax	**90,910**	**-**	**(3,939)**	**(13,690)**	**73,281**
Additions to non-current assets	84,444	-	20,456	65	104,965
Non-current assets	461,053	-	116,162	943	578,158
2018					
Revenue					
Liquids revenue	105,970	8,520	-	-	114,490
Gas revenue	-	2,482	-	-	2,482
Royalties	-	(3,549)	-	-	(3,549)
	105,970	**7,453**	**-**	**-**	**113,423**
Production cost	(88,159)	(2,780)	-	-	(90,939)
DD&A	(13,066)	(618)	-	(92)	(13,776)
Staff costs	(3,489)	(1,834)	(816)	(7,399)	(13,538)
Other expenses	(5,022)	(146)	(434)	(4,772)	(10,374)
Impairment of assets	-	-	(11,901)	-	(11,901)
Other income	2,345	-	-	189	2,534
Finance costs	(6,219)	-	(80)	(2,941)	(9,240)
Other financial gain	12,057	-	-	288	12,345
Profit/(Loss) before tax	**4,417**	**2,075**	**(13,231)**	**(14,727)**	**(21,466)**
Additions to non-current assets	376,856	-	1,835	183	378,874
Non-current assets	470,522	-	95,607	280	566,409

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.

Included in revenues arising from producing assets are revenues of approximately US$325.4 million (2018: US$106.0 million) which arose from sales to the Group's largest customer.

Off Balance Sheet Arrangements

The Group has no off-balance sheet arrangements.

Related Party Transactions

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

Compensation of key management personnel

	2019 USD'000	2018 USD'000
Short-term benefits	6,746	2,656
Other benefits	1,052	326
Share-based payments	1,038	234
	8,836	**3,216**

The total remuneration of members of key management in 2019 (including salaries and benefits) was US$8.8 million (2018: US$3.2 million).

Compensation of directors

	SHORT-TERM BENEFITS (a) USD'000	OTHER BENEFITS (a) USD'000	SHARE-BASED PAYMENTS USD'000	TOTAL COMPENSATION USD'000
2019				
A. Paul Blakeley	1,302	350	233	1,885
Daniel Young	707	174	139	1,020
Dennis McShane	130	-	21	151
Iain McLaren	81	-	13	94
Eric Schwitzer	68	-	25	93
Robert Lambert	69	-	13	82
Cedric Fontenit	66	-	9	75
David Neuhauser	56	-	12	68
Lisa Stewart	6	-	-	6
	2,485	**524**	**465**	**3,474**
2018				
A. Paul Blakeley	1,035	422	164	1,621
Daniel Young	546	149	74	769
Dennis McShane	130	-	19	149
Iain McLaren	70	-	9	79
Eric Schwitzer	58	-	9	67
Robert Lambert	50	-	9	59
David Neuhauser	45	-	9	54
Cedric Fontenit	18	-	-	18
	1,952	**571**	**293**	**2,816**

(a) Short-term benefits comprise salary, director fees as applicable, performance pay, pension and other allowances. Other benefits comprise benefits-in-kind.

Director participation in AIM equity raise

Certain directors and members of the management team of the Company ("Insiders") subscribed for new shares pursuant to the AIM equity raise and listing completed in August 2018. The issuance of new shares to these Insiders, pursuant to the AIM equity raise and listing, is considered to be a related party transaction within the meaning of TSX Venture exchange policy 5.9 and multilateral instrument 61-101 ("MI 61-101"), and disclosable in the December 31, 2018 year end financial statements under AIM rule 19. The Company has relied on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101, contained in sections 5.5(b) and 5.7(1)(b) of MI 61-101, in respect of the Insider participation. Certain directors subscribed for a total of 1,961,271 new shares at 35 pence per share (or £688,545) as follows.

	NUMBER OF NEW SHARES
A. Paul Blakeley	544,798
David Neuhauser*	544,798
Daniel Young	217,919
Dennis McShane	217,919
Robert Lambert	217,919
Eric Schwitzer	108,959
Iain McLaren	108,959
	1,961,271

* These relate to ordinary shares that Mr. Neuhauser is deemed to have an interest in, through Livermore Strategic Opportunities LP. Mr. Neuhauser is the Managing Director of Livermore Strategic Opportunities LP and hence has the power and authority to direct its activities.

Repayment of secured convertible bond

Tyrus Capital Event S.à r.l., an entity controlled by Tyrus Capital S.A.M., entered into a secured convertible bond facility agreement with the Company in November 2016. Tyrus Capital S.A.M. controls entities that hold approximately 25.6% of the Company's ordinary share capital, as at December 31, 2019.

On August 1, 2018, the Company and Tyrus Capital Event S.à r.l. conditionally agreed, upon the Company's admission and listing on AIM, that the Company would redeem the secured convertible bond facility by paying US$17.4 million to Tyrus Capital Event S.à r.l., and all associated security released. At June 30, 2018, the balance on the bond was drawn to US$15.0 million. Repayment subsequently occurred on August 15, 2018.

Events After the Reporting Period

Award of damages in relation to Philippines arbitration

In December 2017, the Group commenced arbitration action against Total E&P Philippines BV ("Total"), with the Singapore International Arbitration Center, in response to a breach of the 2012 farm out agreement ("the FOA"), claiming that Total failed to drill an exploration well on the deepwater Halcon prospect, located within the block covered by SC56 in the Sulu Sea, offshore the Philippines. The FOA required Total to drill one exploration well and pay their 75% interest, along with the Group's 25% interest.

On January 3, 2020, the tribunal found in favour of the Group, concluding that Total breached the FOA, awarding (i) monetary damages to the Group of US$11.1 million, less specific expenditures incurred prior to the breach to be agreed or determined if the parties cannot agree; and (ii) legal costs of approximately US$4.3 million. The tribunal's costs will be borne by the Group and Total 25:75.

The parties were unable to agree the specific expenditures and, on March 24, 2020, the tribunal issued a final award in which it determined such expenditures to be US$0.7 million. The net award to the Group was US$10.4 million.

After the payment of all legal fees, funding costs, and the Company's share of the tribunal costs, net proceeds to the Group are expected to be approximately US$2.2 million. This will be recognised in FY2020.

Following the award of monetary damages to the Group, Total would be released from bearing the Group's 25% interest for the drilling of one exploration well, estimated at US$18.8 million. Consequently, the Group is potentially liable to pay US$2.4 million, being the penalty payable to the Department of Energy in Philippines if both Total and the Group fail to drill an exploration well prior the license expiration on September 1, 2020. However, no final decision has been reached between the Group and Total on the future plan for SC56. A discussion will take place during the next operator committee meeting, tentatively scheduled in second quarter of 2020.

At the end of the reporting period, no contingent assets nor contingent liabilities were recorded as the outcome of the arbitration was not finalised till after year end.

The total carrying value within intangible exploration assets in respect of SC56 as at December 31, 2019 was US$50.4 million (2018: US$50.4 million). The Group has reviewed, pursuant to IFRS6 *Exploration for and evaluation of mineral resources*, whether there are any impairment indicators for SC56 as at year end, and no change has been made to the SC56 carrying value within intangible exploration assets.

Vietnam Block 51 and 46/07

The Group holds a 100% operated working interest in the Block 51 PSC and the Block 46/07 PSC, both in the shallow water Malay-Tho Chu Basin, offshore southwest Vietnam. The Group has made three gas/condensate discoveries: the U Minh and Tho Chu fields in Block 51, and the Nam Du gas field in Block 46/07.

On October 17, 2019, the Group made the formal declaration of commercial discovery for the Nam Du and U Minh fields and submitted to the Vietnam Government the combined formal field development plan for the Nam Du and U Minh development, thus initiating the formal government approval process.

Following delays in the Vietnamese Government approval processes and the drop in the oil price in Q1 2020, the Group announced on March 19, 2020 that it would delay the sanction and development of Nam Du/U Minh and the first gas would not occur before Q4 2022 at the earliest.

As at year end, the Group has recognised US$65.6 million of intangible exploration assets in relation to Nam Du and U Minh fields.

TSX Venture Exchange de-listing

On February 25, 2020, Jadestone announced its intention to de-list from the TSX-V, and a formal application to the TSX-V was subsequently made by the Company on March 12, 2020. The final day of trading of Jadestone's common shares on the TSX-V was on March 24, 2020. The Company's shares continue to trade on AIM.

Upon de-listing from the TSX-V, the Company remains a Canadian domiciled corporation, and will continue as a reporting issuer under Canadian rules in the near term, although the Company has requested an order from the applicable securities commissions, to be granted an exemption from certain of its Canadian reporting requirements, in a manner similar to a designated foreign issuer.

Additional Information

Additional information relating to the Company, including Management Information Circulars, NI 51-101 oil and gas disclosures, material change reports, and other important items of disclosure, and previous interim and annual consolidated financial statements are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Jadestone replaced 96% of the volume it produced in 2019 through technical revisions and economic factors affecting proved reserves. As of year-end 2019, the Company had 25.1 mm bbls of proved reserves (after additions of 4.8 mm bbls), and 41.8 mm bbls on a 2P basis (after additions of 4.0 mm bbls).

Reserve estimates have been calculated in compliance with National Instrument 51-101 Standards of Disclosure ("NI 51-101"). Under NI 51- 101, proved reserves are defined as reserves that can be estimated with a high degree of certainty to be recoverable with a target of a 90% probability that the actual reserves recovered over time will equal or exceed proved reserve estimates, while proved plus probable reserves are defined as having an equal (50%) probability that the actual reserves recovered will equal or exceed the proved plus probable reserve estimates.

In accordance with NI 51-101, proved undeveloped reserves have been recognised in cases where plans are in place to bring the reserves on production within a short, well defined time frame. Proved undeveloped reserves often involve infill drilling into existing pools. The Company's Montara reserves were audited (and Stag reviewed) by an independent third-party reserves evaluator, ERCE as of December 31, 2019 and detailed in their report dated April 23, 2020.

Reconciliation of gross reserves as at December 31, 2019

	LIGHT AND MEDIUM CRUDE OIL (mm bbl)				
	Gross Proved [2]	Gross Probable [2]	Gross Proved Plus Probable [2]	Gross Possible [2]	Gross Proved Plus Probable Plus Possible [2]
Opening balance [1] December 31, 2018	25.3	17.6	42.8	16.5	59.3
Plus:					
Extension & Improved Recovery	-	-	-	-	-
Technical Revisions	2.9	0.4	3.3	-1.7	1.6
Discoveries	-	-	-	-	-
Acquisitions	-	-	-	-	-
Less:					
Dispositions	-	-	-	-	-
Economic Factors	1.9	-1.2	0.7	3.6	4.3
Production	-5.0	-	-5.0	-	-5.0
Ending balance December 31, 2019	**25.1**	**16.7**	**41.8**	**18.4**	**60.2**

(1) Opening balances are from the ERCE reserve report as of December 31, 2018
(2) Gross reserves are based on the Company working interest share of the property gross reserves
(3) Totals may not sum due to rounding

Summary of oil and gas reserves at December 31, 2019

	COMPANY'S INTEREST IN RESERVES [1] [2] [3]	
	Light & Medium Oil (mm bbl)	
	Gross [4]	Net [5]
Australia		
Proved developed producing	18.2	18.2
Proved developed non-producing	0.0	0.0
Proved undeveloped	6.9	6.9
Total Proved Reserves	**25.1**	**25.1**
Probable	16.7	16.7
Total Proved Plus Probable Reserves	**41.8**	**41.8**
Possible	18.4	18.4
Total Proved Plus Probable Plus Possible Reserves	**60.2**	**60.2**

(1) Includes Montara and Stag, excludes Maari.
(2) Totals may not add due to rounding.
(3) The definitions of the various categories of reserves and expenditures are those set out in NI 51-101.
(4) "Gross" reserves represent a 100% total of the estimated technically recoverable oil up to the economic limit.
(5) "Net" reserves are the Gross reserves multiplied by Jadestone's working interest in the field/asset.

Summary of net present values of future net revenues as of December 31, 2019 Forecast prices and costs (in US$ millions)

	NET PRESENT VALUES OF FUTURE NET REVENUE [1] [2] [3] [4] [5]				
	After income taxes discounted at				
Reserve category	0% (US$ millions)	5% (US$ millions)	10% (US$ millions)	15% (US$ millions)	20% (US$ millions)
Australia					
Proved Producing Reserves	72	172	217	230	232
Proved Developed Reserves	-	-	-	-	-
Proved Undeveloped Reserves	62	53	38	26	14
Total Proved Reserves	**134**	**224**	**253**	**256**	**246**
Total Proved Plus Probable Reserves	**520**	**579**	**549**	**497**	**445**
Total Proved Plus Probable Plus Possible Reserves	**1,209**	**1,089**	**929**	**789**	**677**

(1) Based on the Company working interest.
(2) Totals may not add due to rounding
(3) The definitions of the various categories of reserves and expenditures are those set out in NI 51-101. Based on forecast prices and costs at January 1, 2020.
(4) Interest expenses and corporate overhead, etc. were not included.
(5) The net present values may not necessarily represent the fair market value for reserves.

Reserves outlook

Jadestone anticipates adding material reserves in the coming years, relating to both organic and inorganic developments.

The Company expects to close the acquisition of an operated 69% interest in the Maari project, offshore New Zealand in the second half of 2020. In addition to acquiring an interest in offshore production infrastructure and ongoing oil production, as of the deal's economic effective date of January 1, 2019 the fields contained 2P reserves of 13.9 mm bbls, net to the 69% interest being acquired, based on a reserves audit prepared for the Company by ERCE.

In addition, upon formal approval of its Field Development Plan for the Nam Du and U Minh gas development in Vietnam, the Company anticipates adding 2P reserves reflecting the final commercial terms of the project. As of December 31, 2017, a Competent Persons Report conducted by ERCE on behalf of the Company indicated 2C resources for the fields totalling 30.2 mm boe, most of which is gas.

2C resources	unrisked best estimate scenario of contingent resources
2P reserves	the sum of proved and probable reserves, denotes the best estimate scenario of reserves
2PD	proved and probable developed reserves
bbls	barrels of oil
bbls/d	barrels of oil per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
bcf	billion cubic feet
bscf	billion standard cubic feet
contingent resources (2C)	best estimate scenario of contingent resources
EBITDAX	earnings before interest, tax, depreciation, amortisation and exploration expenses
FEED	front end engineering and design
FPSO	floating production, storage and offloading vessel
FSO	floating storage and offloading vessel
GW	gigawatt
LTI	lost-time injury
mbbls	thousands of barrels of oil
mboe	thousands of barrels of oil equivalent
mm bbls	millions of barrels of oil
mm boe	millions of barrels of oil equivalent
mmcf/d	millions of cubic feet per day
mmscf/d	millions of standard cubic feet per day
PVEP	Petrovietnam Exploration Production Corporation
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.