

Jadestone Energy Inc
(Registration Number: BC 0350583 Canada)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

As at and for the six months ended June 30, 2019

Jadestone Energy Inc.
CONDENSED FINANCIAL STATEMENTS
As at and for the three and six months ended June 30, 2019

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

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

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

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

Jadestone Energy Inc.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2019

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

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

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

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

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

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

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

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

Jadestone Energy Inc.

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

1. CORPORATE INFORMATION

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

The Company’s ordinary shares are listed on the TSX Ventures Exchange (“TSX-V”) and the London AIM market. The Company trades on both markets under the symbol “JSE”.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These unaudited condensed interim financial statements (the “Financial Statements”) are prepared in accordance with International Accounting Standard *IAS 34, Interim Financial Reporting*, on a going concern basis under the historical cost convention. They do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements, and should be read in conjunction with Jadestone’s audited consolidated financial statements for the year ended December 31, 2018.

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

3. BASIS OF PREPARATION

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

In addition, these Financial Statements have been prepared using the accrual basis of accounting.

Adoption of new and revised standards

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

The Group has applied the following standards and amendments for the first time with effect from January 1, 2019.

- *IFRS 16 Leases*.

IFRS 16 Leases

General impact of application of *IFRS 16 Leases*

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

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

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

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

Impact of the new definition of a lease

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

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

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

Impact on lessee accounting

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

- Recognises right of use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- Recognises depreciation of right of use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

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

Financial impact of initial application of *IFRS 16*

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

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

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

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

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

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

- Amendments to *IFRS 3 Business Combinations*.

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

Amendments to *IFRS 3 Business Combinations*

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

4. REVENUE

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

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

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

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

5. PRODUCTION COSTS

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

6. ACQUISITION OF MONTARA ASSETS

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

6.1 Fair value of consideration transferred

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

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

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

- Annual average Dated Brent crude price exceeding US\$80/bbl in 2019: US\$20.0 million; and
- Annual average Dated Brent crude price exceeding US\$80/bbl in 2020: US\$10.0 million.

Management has assessed the fair value of the above deferred contingent consideration using a Monte Carlo option simulation model, which considered inputs such as spot Dated Brent oil prices at the completion date, the

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

prevailing risk-free rate, volatility of oil prices, and the period of time over which the contingent payment will apply. At the date of acquisition, the Company recognised a fair value of US\$15.8 million for the two contingent payments. This amount was reduced to US\$3.8 million at December 31, 2018, and at June 30, 2019 the revised fair value is US\$1.8 million (Note 26).

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

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

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

6.2 Assets acquired and liabilities assumed at the date of acquisition

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

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

Jadestone Energy Inc.

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

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

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

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

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

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

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

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

8. OTHER EXPENSES

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

9. IMPAIRMENT OF ASSETS

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

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

10. OTHER INCOME

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

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

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

11. FINANCE COSTS

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

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

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

12. OTHER FINANCIAL GAINS/(LOSS)

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

13. INCOME TAX (EXPENSE)/CREDIT

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

Jadestone Energy Inc.

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

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

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

The Australian corporate income tax rate is applied at 30%. PRRT is calculated at 40% of sales revenue less certain permitted deductions and is tax deductible for Australian corporate income tax purposes. The Indonesian corporate income tax rate is applied at 35%, and branch profits tax is applied at 20%.

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

INCOME TAX RECONCILIATION

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

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PRRT TAX RECONCILIATION

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

DEFERRED TAX INCOME STATEMENT RECONCILIATION

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

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

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DEFERRED TAX BALANCE SHEET RECONCILIATION

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

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

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

14. PROFIT/(LOSS) PER ORDINARY SHARE

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

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

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	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	461,042,811	221,298,004	461,038,759	221,298,004
Effect of dilutive potential ordinary shares				
– Share options	2,531,524	-	1,763,991	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	461,045,343	221,298,004	462,802,750	221,298,004
Earnings per share (US\$)				
	Three months ended June 30, 2019 USD'000	Three months ended June 30, 2018 USD'000	Six months ended June 30, 2019 USD'000	Six months ended June 30, 2018 USD'000
– Basic	<u>0.05</u>	<u>(0.02)</u>	<u>0.07</u>	<u>(0.10)</u>
– Diluted	<u>0.05</u>	<u>(0.02)</u>	<u>0.07</u>	<u>(0.10)</u>

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

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

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

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

15. INTANGIBLE EXPLORATION ASSETS

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

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

16. OIL AND GAS PROPERTIES

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

Jadestone Energy Inc.

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

17. PLANT AND EQUIPMENT

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

18. RIGHT OF USE ASSETS

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

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

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

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

19. INVENTORIES

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

20. TRADE AND OTHER RECEIVABLES

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

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

21. CASH AND BANK BALANCES

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

The restricted cash balance includes US\$14.5 million of cash held in a debt service reserve account related to the RBL facility. The current balance of restricted cash of US\$6.0 million represents principal and interest that will be

Jadestone Energy Inc.

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

released over the next 12 months, with the remainder included in the non-current balance and to be released later in 2020 and in 2021.

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

22. SHARE CAPITAL

Authorised share capital

Unlimited number of ordinary voting shares with no par value.

	No. of shares	USD'000
Issued and fully paid		
As at January 1, 2019	461,009,478	466,562
Issued during the period	33,333	11
As at June 30, 2019	461,042,811	466,573

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

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

23. HEDGING RESERVES

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

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

24. SHARE BASED PAYMENTS RESERVE

The total expense arising from share based payments recognised for the six months ended June 30, 2019 was US\$0.7 million (June 30, 2018: US\$0.3 million).

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

Jadestone Energy Inc.

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

	Options granted on			
	March 29, 2019	July 29, 2018	March 29, 2018	December 10, 2017
Risk-free rate	1.46% to 1.47%	2.23% to 2.26%	1.99% to 2.04%	1.68% to 1.72%
Expected life	5.5 to 6.5 years	5.5 to 6.5 years	5.5 to 6.5 years	5.5 to 6.5 years
Expected volatility	42.3% to 39.9%	44.7% to 43.2%	43.1% to 44.1%	43.2% to 43.9%
Share price	C\$0.85	C\$0.61	C\$0.43	C\$0.42
Exercise price	C\$0.85	C\$0.61	C\$0.50	C\$0.45
Expected dividends	Nil	Nil	Nil	Nil

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

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

25. PROVISION FOR ASSET RESTORATION OBLIGATIONS

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

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

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

Management expects decommissioning expenditures to be incurred from 2032 onwards.

Jadestone Energy Inc.

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

26. OTHER PAYABLES

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

27. LEASE LIABILITIES

	June 30, 2019
Statement of financial position	
Current lease liabilities	19,430
Non-current lease liabilities	50,929
	<u>70,359</u>
Reconciliation to operating lease commitments	
Operating leases included in commitments as at December 31, 2018	44,447
Discounting	(6,427)
Additional lease liabilities recognised on January 1, 2019 due to the adoption of IFRS 16	<u>38,020</u>
	Six months ended June 30, 2019
Statement of profit or loss	
Interest expense on lease liabilities	722
Expense relating to short term leases	1,324
Accretion lease payment (Note 11)	<u>2,046</u>
	Six months ended June 30, 2019
Statement of cashflows	
Total cash flow used for leases	<u>7,372</u>

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

28. BORROWINGS

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

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

29. TRADE AND OTHER PAYABLES

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

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

30. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivatives to manage its exposure to oil price fluctuations. Oil price hedges are undertaken using swaps and call options using fixed price sales contracts. All contracts are hedged using Dated Brent oil price benchmarks. The Group has designated the Montara capped swap as a cash flow hedge of highly probable sales.

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

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

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

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

31. BUSINESS RISKS AND UNCERTAINTIES

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

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

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

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGERMENTS

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

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

Jadestone Energy Inc.

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

Capital management

The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group, in order to support the acquisition, exploration and development of resource properties and the ongoing operations of its producing assets.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable. There were no changes in the Group's approach to capital management during the six month period ended June 30, 2019.

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

Debt is defined as long and short-term borrowings (excluding derivatives) as defined in Note 28. Cash and cash equivalents includes the Montara Assets' minimum working capital cash balance of US\$15.0 million required under the RBL, while restricted cash comprises the US\$14.5 million in the RBL debt service reserve account as at June 30, 2019. Restricted cash, as shown here, excludes the US\$10.0 million deposited in support of a bank guarantee to a key supplier in respect of the Stag FSO. Equity includes all capital and reserves of the Group that are managed as capital.

33. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

34. CONTINGENT LIABILITIES

Stag

The Group may be responsible for certain contingent payments of up to US\$10 million linked to future expansion of the Stag Oilfield. At this time, Jadestone's management does not consider it probable that the conditions necessary to trigger the contingent payments will occur. Accordingly, as at June 30, 2019, no provision has been recognised in the financial statements.

Montara

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

35. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

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

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

36. EVENT AFTER THE REPORTING PERIOD

Transfer of Montara Operatorship

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