

**Jadestone Energy Inc**  
(Registration Number: BC 0350583 Canada)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
As at and for the nine months ended September 30, 2019

**Jadestone Energy Inc.**  
**CONDENSED FINANCIAL STATEMENTS**  
**As at and for the three and nine months ended September 30, 2019**

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

	Notes	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
<b><u>Consolidated statement of profit or loss</u></b>					
Revenue	4	62,500	32,669	234,206	68,452
Production costs	5	(31,965)	(16,870)	(94,022)	(40,337)
Depletion, depreciation and amortisation	8	(17,126)	(2,780)	(63,415)	(7,844)
Staff costs		(4,496)	(2,812)	(13,386)	(9,617)
Other expenses	9	(2,812)	(6,314)	(7,850)	(11,709)
Other income	10	308	180	2,406	291
Impairment of assets	11	-	-	-	(11,902)
Finance costs	12	(4,513)	(841)	(14,527)	(3,864)
Other financial gains	13	871	-	2,807	-
<b>Profit/(loss) before tax</b>		<b>2,767</b>	<b>3,232</b>	<b>46,219</b>	<b>(16,530)</b>
Income tax expense	14	(2,748)	(6,187)	(16,078)	(7,929)
<b>Profit/(loss) for the period</b>		<b>19</b>	<b>(2,955)</b>	<b>30,141</b>	<b>(24,459)</b>
<b>Profit/(loss) per ordinary share</b>					
Basic and diluted (US\$)	15	<b>0.00</b>	<b>(0.01)</b>	<b>0.07</b>	<b>(0.09)</b>
<b><u>Consolidated statement of comprehensive income</u></b>					
Profit/(loss) for the period		19	(2,955)	30,141	(24,459)
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss					
Gain/(loss) on unrealised cash flow hedges	24	8,837	2,020	(20,854)	(2,896)
Hedging gain/(loss) reclassified to profit or loss	24	(4,226)	-	(11,354)	-
		4,611	2,020	(32,208)	(2,896)
Tax income/(expense) relating to components of other comprehensive income	14,24	(1,384)	(606)	9,662	868
<b>Other comprehensive income/(loss)</b>		<b>3,227</b>	<b>1,414</b>	<b>(22,546)</b>	<b>(2,028)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>3,246</b>	<b>(1,541)</b>	<b>7,595</b>	<b>(26,487)</b>

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 September 30, 2019**

	Notes	September 30, 2019 USD'000	December 31, 2018* USD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible exploration assets	16	104,132	95,607
Oil and gas properties	17	420,475	430,193
Plant and equipment	18	1,870	1,709
Right of use assets	19	65,582	-
Derivative financial instruments	31	1,127	15,339
Restricted cash	22	20,440	23,561
Deferred tax assets	14	21,420	21,287
		<b>635,046</b>	<b>587,696</b>
<b>Current assets</b>			
Inventories	20	27,491	15,822
Trade and other receivables	21	56,503	32,800
Derivative financial instruments	31	17,356	35,985
Restricted cash	22	3,686	5,083
Cash and cash equivalents	22	50,839	52,981
		<b>155,875</b>	<b>142,671</b>
<b>TOTAL ASSETS</b>		<b>790,921</b>	<b>730,367</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	23	466,573	466,562
Share based payments reserve	25	23,456	22,375
Hedging reserves	24	12,934	35,480
Accumulated losses		(279,015)	(309,156)
		<b>223,948</b>	<b>215,261</b>
<b>Non-current liabilities</b>			
Provision for asset restoration obligations	26	291,087	277,697
Borrowings	29	17,306	49,420
Lease liability	28	47,692	-
Other payables	27	6,191	10,351
Deferred tax liabilities	14	70,958	92,468
		<b>433,234</b>	<b>429,936</b>
<b>Current liabilities</b>			
Borrowings	29	43,445	52,393
Lease liability	28	20,122	-
Trade and other payables	30	35,293	31,493
Provision for taxation	14	34,879	1,284
		<b>133,739</b>	<b>85,170</b>
<b>TOTAL LIABILITIES</b>		<b>566,973</b>	<b>515,106</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>790,921</b>	<b>730,367</b>

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

\* The comparative information has been restated as a result of an *IFRS3* adjustment to the purchase price allocation of the Montara asset acquisition (Note 6)

**Jadestone Energy Inc.**  
**CONDENSED CONSOLIDATED STATEMENT OF EQUITY**  
**for the three and nine months ended September 30, 2019**

	Share capital USD'000	Share based payments reserve USD'000	Hedging reserves USD'000	Accumulated losses USD'000	Total USD'000
<b>At January 1, 2018</b>	364,466	21,855	-	(278,123)	108,198
Loss for the period, representing total comprehensive loss	-	-	-	(24,459)	(24,459)
Other comprehensive income for the period	-	-	(2,028)	-	(2,028)
<b>Total comprehensive loss for the period</b>	-	-	(2,028)	(24,459)	(26,487)
Shares issued	102,096	-	-	-	102,096
Share-based compensation, representing transaction with owners, recognised directly in equity	-	468	-	-	468
<b>At September 30, 2018</b>	<b>466,562</b>	<b>22,323</b>	<b>(2,028)</b>	<b>(302,582)</b>	<b>184,275</b>
<b>At January 1, 2019</b>	466,562	22,375	35,480	(309,156)	215,261
Profit for the period, representing total comprehensive profit	-	-	-	30,141	30,141
Other comprehensive loss for the period	-	-	(22,546)	-	(22,546)
<b>Total comprehensive income/(loss) for the period</b>	-	-	(22,546)	30,141	7,595
Shares issued (Note 23)	11	-	-	-	11
Share-based compensation, representing transaction with owners, recognised directly in equity (Note 25)	-	1,081	-	-	1,081
<b>At September 30, 2019</b>	<b>466,573</b>	<b>23,456</b>	<b>12,934</b>	<b>(279,015)</b>	<b>223,948</b>

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 nine months ended September 30, 2019

	Notes	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
<b>Operating activities</b>					
Profit/(loss) before tax		2,767	3,232	46,219	(16,530)
Adjustments for					
-Interest income	10	(383)	(224)	(961)	(291)
-Other financial gain		(13)	-	(1,004)	-
-Interest expense	12	1,010	-	3,756	-
-Other finance costs	12	2,887	841	8,411	3,864
-Unrealised foreign exchange loss	10	561	189	840	43
-Change in fair value of contingent payments	13	(871)	-	(2,807)	-
-Depletion, depreciation and amortisation	8	17,126	2,780	63,415	7,844
-Share based payments	25	389	195	1,081	468
-Impairment of intangible exploration assets	11	-	-	-	11,902
		<b>23,473</b>	<b>(7,013)</b>	<b>118,950</b>	<b>7,300</b>
<b>Changes in working capital</b>					
-(Increase)/decrease in trade and other receivables		11,610	(23,323)	(25,228)	(22,142)
-Increase in inventories		(2,462)	(12,079)	(3,510)	(16,733)
-Increase in trade and other payables		5,503	16,165	4,610	17,919
		<b>38,124</b>	<b>(12,224)</b>	<b>94,822</b>	<b>(13,656)</b>
<b>Cash generated from/(used in) operations</b>		<b>38,124</b>	<b>(12,224)</b>	<b>94,822</b>	<b>(13,656)</b>
Interest paid	12	(1,010)	-	(3,756)	-
Tax refund/(paid)	14	-	-	6,243	(1,050)
		<b>37,114</b>	<b>(12,224)</b>	<b>97,309</b>	<b>(14,706)</b>
<b>Investing activities</b>					
Payment for oil and gas properties	17	(16,588)	(134,356)	(41,847)	(134,745)
Net payment for plant and equipment	18	(95)	(112)	(473)	(126)
Payment for intangible exploration assets	16	(4,238)	(277)	(8,525)	(635)
Lease payments	28	(4,593)	-	(11,653)	-
Interest received	18	383	224	961	291
		<b>(25,131)</b>	<b>(134,521)</b>	<b>(61,528)</b>	<b>(135,215)</b>
<b>Financing activities</b>					
Proceeds from issuance of shares	23	-	107,888	11	107,888
Payments for share listing		-	(5,792)	-	(5,792)
Proceeds from loans		-	120,000	-	120,000
Repayment of borrowings	29	(13,024)	(184)	(42,430)	(829)
Restricted cash transfers		-	(18,634)	4,496	(18,634)
Payment of bond facility and stand-by fees		-	(17,450)	-	(17,514)
		<b>(13,024)</b>	<b>185,828</b>	<b>(37,923)</b>	<b>185,119</b>
<b>Net cash from/(used in) financing activities</b>		<b>(13,024)</b>	<b>185,828</b>	<b>(37,923)</b>	<b>185,119</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,041)</b>	<b>39,083</b>	<b>(2,142)</b>	<b>35,198</b>
<b>Cash and cash equivalents at start of period</b>		<b>51,880</b>	<b>6,565</b>	<b>52,981</b>	<b>10,450</b>
<b>Cash and cash equivalents at end of period</b>	22	<b>50,839</b>	<b>45,648</b>	<b>50,839</b>	<b>45,648</b>

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 nine months ended September 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 London AIM market and the TSX Ventures Exchange ("TSX-V"). 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 shallow water offshore Western Australia.

During the comparative periods for the nine months ended September 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 November 28, 2019, on the recommendation of the Audit Committee.

### 3. BASIS OF PREPARATION

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

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

#### Adoption of new and revised standards

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

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

- *IFRS 16 Leases*.

#### *IFRS 16 Leases*

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

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

*IFRS 16* introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting, by removing the distinction between operating and finance lease. *IFRS 16* requires the recognition

## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

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 19, 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 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 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 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*

Upon the initial application of *IFRS 16*, the recognition of the present value of the minimum lease payments resulted in US\$38.0 million (note 19) 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 8.6% percent.

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

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



# Jadestone Energy Inc.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

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

The Group has not applied the following new and revised relevant IFRS that has been issued, but is 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 September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
<b>Liquids revenue – after hedging</b>				
Montara	41,709	-	187,085	-
Stag	20,791	32,545	47,121	65,765
Ogan Komering	-	-	-	3,608
<b>Gas revenue</b>				
Ogan Komering	-	124	-	2,628
	<b>62,500</b>	<b>32,669</b>	<b>234,206</b>	<b>72,001</b>
Royalties	-	-	-	(3,549)
<b>Total revenue derived from contracts with customers</b>	<b>62,500</b>	<b>32,669</b>	<b>234,206</b>	<b>68,452</b>

All royalties included in the comparative period ended September 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.

# Jadestone Energy Inc.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

### 5. PRODUCTION COSTS

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
Operating costs	13,256	7,875	41,745	24,950
Workovers	12,717	1,385	22,995	6,922
Logistics	3,814	1,253	15,845	3,598
Repairs and maintenance	5,345	630	16,564	2,610
Movement in inventory	(3,165)	5,727	(3,127)	2,257
	<b>31,965</b>	<b>16,870</b>	<b>94,022</b>	<b>40,337</b>

### 6. COMPARATIVE FIGURES

Following the transfer of Montara operatorship as at August 6, 2019, the Group has revised the initial provisional fair value estimates for inventory and oil and gas properties as at September 28, 2018. This revision is made pursuant to *IFRS 3*, to reflect new information obtained, following the transfer of the Montara operatorship, as of the acquisition date (see Note 7.2). The adjustment to the Montara initial provisional fair value estimates impacted the following line items for the financial year ended December 31, 2018:

<b>As at December 31, 2018</b>	<b>As previously reported USD'000</b>	<b>Adjustment/ reclassification USD'000</b>	<b>As restated USD'000</b>
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)

### 7. 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"). 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 received the final 1% title interest on October 1, 2019, and the transaction was completed.

#### 7.1 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.

	<b>USD'000</b>
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)
<b>Cash payment on acquisition date</b>	<b>133,092</b>

## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

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 2020, and any future final investment decision for developments with significant 2P reserves. The Group has reviewed all the contingent payment trigger events at acquisition and recognised the following two potential payments, based on current and future anticipated potential prices of Dated Brent crude oil.

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

Management has assessed the fair value of the above deferred contingent consideration using a Monte Carlo option simulation model, which considered inputs such as spot Dated Brent oil prices at the completion date, the prevailing risk-free rate, volatility of oil prices, and the period of time over which the contingent payment will apply. At the date of acquisition, the Company recognised a fair value of US\$15.8 million for the two contingent payments. This amount was reduced to US\$3.8 million at December 31, 2018, and at September 30, 2019 the revised fair value is US\$0.9 million (Note 27).

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 acquisition date, the Company reviewed the fair value consideration on acquisition date, in accordance with *IFRS 3 Business Combinations*. This assessment resulted in the restatements below.

<b>As at September 28, 2018</b>	<b>September 30, 2019 USD'000</b>	<b>Restatement USD'000</b>	<b>December 31, 2018 USD'000</b>
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)
<b>Cash payment on acquisition date</b>	<b>133,092</b>	<b>-</b>	<b>133,092</b>
Deferred contingent consideration	15,805	-	15,805
Prepaid asset for future cash calls	(22,000)	-	(22,000)
Working capital adjustment	1,816	819	997
<b>Total fair value consideration on acquisition date</b>	<b>128,713</b>	<b>819</b>	<b>127,894</b>

#### 7.2 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 acquisition date, have also been reviewed in accordance with *IFRS 3 Business Combinations*. Following the transfer of Montara operatorship as at August 6, 2019, the Group has revised the initial provisional fair value estimates for inventory and for oil and gas properties as at September 28, 2018. This revision is made pursuant to *IFRS 3*, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The restatement is as below.

# Jadestone Energy Inc.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

As at September 28, 2018	September 30, 2019 USD'000	Restatement USD'000	December 31, 2018 USD'000
<b>Assets</b>			
<b>Non-current assets</b>			
Oil & gas properties	368,634	14,828	353,806
<b>Current assets</b>			
Inventory – oil	17,195	-	17,195
Inventory – materials	4,169	(14,009)	18,178
Prepayments	4,098	-	4,917
<b>Total assets</b>	<b>394,096</b>	<b>(819)</b>	<b>394,096</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(4,314)	-	(4,314)
<b>Non-current liabilities</b>			
Provision for asset restoration obligations	(183,020)	-	(183,020)
Deferred tax liabilities	(78,437)	-	(78,437)
Other provisions	(431)	-	(431)
<b>Total liabilities</b>	<b>(266,202)</b>	<b>-</b>	<b>(266,202)</b>
<b>Net identifiable assets acquired</b>	<b>128,713</b>	<b>819</b>	<b>127,894</b>

### 8. DEPLETION, DEPRECIATION AND AMORTISATION (“DD&A”)

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
<b>Depletion, depreciation and amortisation</b>				
Montara	16,091	306	53,403	306
Stag	3,221	2,382	6,998	6,592
Ogan Komering	-	-	-	657
	<u>19,312</u>	<u>2,688</u>	<u>60,401</u>	<u>7,555</u>
Depreciation of plant and equipment (Note 18)	118	92	313	289
Right of use assets (Note 19)	4,477	-	10,860	-
Movement in inventory	(6,781)	-	(8,159)	-
	<u>17,126</u>	<u>2,780</u>	<u>63,415</u>	<u>7,844</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.

## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

The right of use assets relates 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.

#### 9. OTHER EXPENSES

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
Professional fees/consultancies	1,467	2,663	4,082	4,672
Office costs	872	739	1,831	1,683
Travel and entertainment	190	245	461	576
Other expenses	283	2,667	1,476	4,778
	<u>2,812</u>	<u>6,314</u>	<u>7,850</u>	<u>11,709</u>

#### 10. OTHER INCOME

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
Interest income	383	180	961	246
Net foreign exchange gain/(loss)	(75)	-	-	45
Miscellaneous income (Note 27)	-	-	1,445	-
	<u>308</u>	<u>180</u>	<u>2,406</u>	<u>291</u>

Miscellaneous income for the nine months ended September 30, 2019 of US\$1.4 million arises from a reduction in estimated Stag FSO redundancy payments in Q2 2019.

#### 11. IMPAIRMENT OF ASSETS

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 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.

## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

#### 12. FINANCE COSTS

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
Interest	1,010	142	3,756	706
Accretion – asset retirement obligations (Note 25)	1,269	440	4,554	964
Accretion – lease payments (Note 28)	1,226	-	3,271	-
Accretion – RBL (Note 29)	374	51	1,368	51
Fair value loss on derivative liability – convertible bond	-	(97)	-	1,196
Accretion – convertible bond	-	146	-	706
Facility fees – convertible bond	-	35	-	98
Other finance costs	634	124	1,578	142
	<b>4,513</b>	<b>841</b>	<b>14,527</b>	<b>3,864</b>

During the current reporting period, the Company paid interest of US\$1.0 million related to the reserve based loan (“RBL”), which was drawn down in Q3 2018. The comparable quarter interest paid of US\$0.1 million 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.

#### 13. OTHER FINANCIAL GAINS

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
Change in provisions – contingent payments (Note 7, 27)	871	-	2,807	-

#### 14. INCOME TAX (EXPENSE)/CREDIT

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
<b>Current tax</b>				
Corporate tax	3,203	721	31,417	1,703
Petroleum resource rent tax (PRRT)	2,177	3,464	(3,359)	3,464
	<b>5,381</b>	<b>4,185</b>	<b>28,058</b>	<b>5,167</b>

## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
<b>Deferred tax</b>				
Corporate tax	(2,578)	2,220	(12,339)	2,518
PRRT	(55)	(218)	359	244
	<u>(2,633)</u>	<u>2,002</u>	<u>(11,980)</u>	<u>2,762</u>
<b>Total tax charge for the period</b>	<u><u>2,748</u></u>	<u><u>6,187</u></u>	<u><u>16,078</u></u>	<u><u>7,929</u></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 September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
<b>Profit/(loss) before tax on continuing operations</b>	2,767	3,232	46,219	(16,530)
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%)	871	1,486	14,618	(1,642)
Effect of non-deductible tax expense	294	1,525	4,908	5,861
Others	(539)	(70)	(448)	2
<b>Tax expense for the period</b>	<u><u>626</u></u>	<u><u>2,941</u></u>	<u><u>19,078</u></u>	<u><u>4,221</u></u>

# Jadestone Energy Inc.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

### PRRT TAX RECONCILIATION

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
<b>Profit/(loss) before tax on continuing operations</b>	2,767	3,232	46,219	(16,530)
Add back losses from operations before tax for activities outside of Australia	1,177	4,675	7,413	22,255
Non PRRT assessable profits	4,621	1,857	(10,722)	7,332
Profit before taxation for activities in Australia	8,565	9,764	42,910	13,057
PRRT expense calculated at 28%	2,398	2,733	12,015	3,656
Utilisation of PRRT credits	(209)	13	(15,348)	(843)
Other	(67)	499	333	895
<b>Tax expense/(credit) for the period</b>	<b>2,122</b>	<b>3,246</b>	<b>(3,000)</b>	<b>3,708</b>

### DEFERRED TAX INCOME STATEMENT RECONCILIATION

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
<b>Income tax</b>				
Timing differences	(4,635)	1,475	(19,659)	854
Hedging – unrealised loss	(35)	(696)	(190)	(696)
Prepayments	439	755	-	755
Losses	(1,558)	686	4,253	1,605
Other	3,211	-	3,257	-
	<b>(2,578)</b>	<b>2,220</b>	<b>(12,339)</b>	<b>2,518</b>
<b>PRRT</b>				
Unused tax credits	214	39	735	895
Provisions	(269)	(256)	(376)	(651)
	(55)	(218)	359	244
	<b>(2,633)</b>	<b>2,002</b>	<b>(11,980)</b>	<b>2,762</b>

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.



# Jadestone Energy Inc.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

### DEFERRED TAX BALANCE SHEET RECONCILIATION

	September 30, 2019 USD'000	December 31, 2018 USD'000
<b>Current tax</b>		
Corporation tax on fixed asset timing differences	(63,133)	(75,473)
PRRT tax on fixed asset timing differences	19,140	19,498
	<u>(43,993)</u>	<u>(55,975)</u>
<b>Other comprehensive income – deferred tax</b>		
Income tax related to carrying amount of hedged item	(5,545)	(15,206)
	<u>(49,538)</u>	<u>(71,181)</u>

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

	September 30, 2019 USD'000	December 31, 2018 USD'000
Deferred tax liabilities	(70,958)	(92,468)
Deferred tax assets	21,420	21,287
	<u>(49,538)</u>	<u>(71,181)</u>

### 15. 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 September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 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	19	(2,955)	30,141	(24,459)
	<u>19</u>	<u>(2,955)</u>	<u>30,141</u>	<u>(24,459)</u>

# Jadestone Energy Inc.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Weighted average number of ordinary shares for the purposes of basic earnings per share	461,042,811	359,392,658	461,040,125	267,835,396
Effect of dilutive potential ordinary shares				
– Share options	2,726,334	-	2,126,197	-
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share</b>	<b>463,769,145</b>	<b>359,392,658</b>	<b>463,166,322</b>	<b>267,835,396</b>

### Earnings per share (US\$)

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
– Basic	0.00	(0.01)	0.07	(0.09)
– Diluted	0.00	(0.01)	0.07	(0.09)

The calculation of diluted earnings per share for the nine months ended September 30, 2019 includes 2,126,197 of weighted average dilutive ordinary shares available for exercise from in-the-money vested options (nine months ended September 30, 2018: 300,228 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 (nine months ended September 30, 2018: 526,467).

The calculation of diluted earnings per share for the three months ended September 30, 2019 includes 2,726,334 of weighted average dilutive ordinary shares available for exercise from in-the-money vested options (three months ended September 30, 2018: 636,056 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 September 30, 2018: 607,821).

Additionally, the calculation of diluted earnings per share for the nine months ended September 30, 2018, and for the three months ended September 30, 2018, excludes 66,644,947 and 64,023,510 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.

# Jadestone Energy Inc.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

### 16. INTANGIBLE EXPLORATION ASSETS

	Total USD'000
<b>Cost</b>	
At January 1, 2019	95,607
Additions	8,525
Disposal of exploration assets	-
<b>At September 30, 2019</b>	<b>104,132</b>
<b>Net book value</b>	
At December 31, 2018	95,607
<b>At September 30, 2019</b>	<b>104,132</b>

Amounts capitalised to exploration for the nine months period were US\$8.5 million (December 31, 2018: US\$1.8 million), predominantly related to activities on the Nam Du and U Minh assets in Vietnam.

### 17. OIL AND GAS PROPERTIES

	Total USD'000
<b>Cost</b>	
At January 1, 2019* (Note 6)	457,818
Changes in asset restoration obligations (Note 26)	8,836
Additions	41,847
<b>At September 30, 2019</b>	<b>508,501</b>
<b>Accumulated depletion and amortisation</b>	
At January 1, 2019	(27,625)
Depletion and amortisation for the nine months period (Note 8)	(60,401)
<b>At September 30, 2019</b>	<b>(88,026)</b>
<b>Net book value</b>	
At December 31, 2018*	430,193
<b>At September 30, 2019</b>	<b>420,475</b>

\* Restated, see Note 6

## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

#### 18. PLANT AND EQUIPMENT

	At January 1, 2019 USD'000	Additions USD'000	Impairment & disposals USD'000	At September 30, 2019 USD'000
<b>Cost</b>				
Computer equipment	2,372	429	-	2,801
Fixtures and fittings	1,269	49	(4)	1,314
<b>Total</b>	<b>3,641</b>	<b>478</b>	<b>(4)</b>	<b>4,115</b>
<b>Accumulated depreciation</b>				
Computer equipment	991	263	-	1,254
Fixtures and fittings	941	50	-	991
<b>Total</b>	<b>1,932</b>	<b>313</b>	<b>-</b>	<b>2,245</b>
<b>Carrying amount</b>	<b>1,709</b>			<b>1,870</b>

#### 19. 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
<b>January 1, 2019</b>				
Initial recognition	30,226	4,893	2,901	38,020
<b>Total</b>	<b>30,226</b>	<b>4,893</b>	<b>2,901</b>	<b>38,020</b>
Additions	-	38,421	-	38,421
Depreciation (Note 8)	(4,587)	(5,975)	(298)	(10,860)
<b>September 30, 2019</b>	<b>25,639</b>	<b>37,340</b>	<b>2,603</b>	<b>65,582</b>

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 28) of US\$37.7 million upon initial recognition.

## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

#### 20. INVENTORIES

	September 30, 2019 USD'000	December 31, 2018* USD'000
Materials and spares	9,174	8,955
Crude oil inventory	18,317	6,867
	<u>27,491</u>	<u>15,822</u>

\* Materials and spares restated, see Note 6

#### 21. TRADE AND OTHER RECEIVABLES

	September 30, 2019 USD'000	December 31, 2018 USD'000
Trade receivables	41,382	57
Prepayments	12,004	26,831
Other receivables and deposits	2,376	4,857
PRRT receivables (Note 14)	-	700
GST/VAT receivables	741	355
	<u>56,503</u>	<u>32,800</u>

Trade receivables increased to US\$41.4 million due to the latest Montara lifting being completed on August 30, 2019. The receivable was settled on October 1, 2019. Prepayments as at September 30, 2019, includes US\$7.5 million of cash held by PTTEP under the transitional operational arrangements for Montara, which concluded on August 6, 2019.

#### 22. CASH AND BANK BALANCES

	September 30, 2019 USD'000	December 31, 2018 USD'000
<b>Current assets</b>		
Cash and bank balances	54,525	58,064
Less: restricted cash	<u>(3,686)</u>	<u>(5,083)</u>
Cash and cash equivalents	50,839	52,981
<b>Non-current assets</b>		
Cash and bank balances	20,440	23,561
Less: restricted cash	<u>(20,440)</u>	<u>(23,561)</u>
Cash and cash equivalents	-	-
<b>Cash and cash equivalents in the statement of cash flows</b>	<u>50,839</u>	<u>52,981</u>

The restricted cash balance includes US\$10.4 million of cash held in a debt service reserve account related to the RBL facility. The current balance of restricted cash of US\$3.7 million represents principal and interest that will be released

## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

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.

#### 23. SHARE CAPITAL

##### Authorised share capital

Unlimited number of ordinary voting shares with no par value.

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

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 nine months ended September 30, 2019, employee share options of 33,333 were exercised and issued at a price of CAD 0.47 per share.

#### 24. HEDGING RESERVES

	Total USD'000
<b>As at January 1, 2019</b>	<b>(35,480)</b>
Loss arising on changes in fair value of hedging instruments during the period	20,854
Income tax related to gain recognised in other comprehensive income	(6,256)
Gain reclassified to profit or loss	11,354
Income tax related to amounts reclassified to profit or loss	(3,406)
<b>As at September 30, 2019</b>	<b>(12,934)</b>

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

#### 25. SHARE BASED PAYMENTS RESERVE

The total expense arising from share-based payments recognised for the nine months ended September 30, 2019 was US\$1.1 million (September 30, 2018: US\$0.5 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 nine months ended September 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 September 30, 2019:

	Share options			
	Number of options	Weighted average exercise price, C\$	Weighted average remaining contract life	Number of options exercisable
<b>As at January 1, 2019</b>	<b>12,132,821</b>	<b>0.56</b>	<b>8.50</b>	<b>3,232,809</b>
Vested during the period	-	0.50	7.90	3,816,651
Exercised during the period	(33,333)	0.47	N/A	(33,333)
Cancelled during the period	(306,667)	0.48	N/A	(113,333)
New options granted	8,000,000	0.85	9.49	-
<b>As at September 30, 2019</b>	<b><u>19,792,821</u></b>	<b>0.68</b>	<b>8.46</b>	<b><u>6,902,794</u></b>

### 26. PROVISION FOR ASSET RESTORATION OBLIGATIONS

	September 30, 2019 USD'000	December 31, 2018 USD'000
<b>Non-current liabilities</b>		
<b>January 1,</b>	<b>277,697</b>	<b>84,728</b>
Acquisition of Montara	-	183,020
Accretion expense	4,554	3,632
Changes in discount rate and FX assumptions	8,836	6,353
Other	-	(36)
<b>September 30, 2019</b>	<b><u>291,087</u></b>	<b><u>277,697</u></b>

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 set at the same rate as the estimated inflation rates of 2.26% and 2.14% 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 nine months ended September 30, 2019

### 27. OTHER PAYABLES

	September 30, 2019 USD'000	December 31, 2018 USD'000
Stag FSO redundancy payments (Note 10)	5,251	6,603
Montara contingent payments (Notes 7, 35)	940	3,748
	<u>6,191</u>	<u>10,351</u>

### 28. LEASE LIABILITIES

	September 30, 2019
<b>Statement of financial position</b>	
Current lease liabilities	20,122
Non-current lease liabilities	47,692
	<u>67,814</u>
<b>Reconciliation to operating lease commitments</b>	
Operating leases included in commitments as at December 31, 2018	44,447
Discounting	(6,427)
<b>Additional lease liabilities recognised on January 1, 2019 due to the adoption of IFRS 16</b>	<u>38,020</u>
	Nine months ended September 30, 2019
<b>Statement of profit or loss</b>	
Interest expense on lease liabilities	1,323
Expense relating to short term leases	1,948
<b>Accretion lease payment (Note 12)</b>	<u>3,271</u>
	Nine months ended September 30, 2019
<b>Statement of cashflows</b>	
Total cash flow used for leases	11,653



## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

#### 29. BORROWINGS

	September 30, 2019 USD'000	December 31, 2018 USD'000
<b>Non-current secured borrowings</b>		
Reserve based lending facility	17,306	49,420
	<u>17,306</u>	<u>49,420</u>
<b>Current secured borrowings</b>		
Reserve based lending facility	43,445	51,114
<b>Current unsecured borrowings</b>		
Other	-	1,279
	<u>43,445</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 7). 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.

During the nine months period ended September 30, 2019 the Company repaid US\$1.3 million of unsecured borrowings associated with Stag insurance premiums.

#### 30. TRADE AND OTHER PAYABLES

	September 30, 2019 USD'000	December 31, 2018 USD'000
Trade payables	6,093	7,178
Other payables	6,726	8,993
Accruals	17,635	5,484
Provision for long service leave	714	722
Other provisions	4,126	9,117
	<u>35,293</u>	<u>31,493</u>

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

#### 31. 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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	September 30, 2019 USD'000	December 31, 2018 USD'000
Designated as cash flow hedges		
<i>Commodity capped swap</i>	<u>18,483</u>	<u>51,324</u>
<b>Analysed as:</b>		
Current	17,356	35,985
Non-current	1,127	15,339
	<u>18,483</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 Call component: US\$80.00/bbl from January 2019 to September 2019, US\$85.00/bbl from October 2019 to September 2020	Cash flow
Calls cover 66% of swapped volumes				

During the nine-month period ended September 30, 2019, the fair value of the capped swap declined by US\$32.8 million. This decline was largely due to the decrease in future Dated Brent oil prices, over the term of the swap. US\$20.9 million of the decline was directly due to the revaluation of hedge contracts and was recorded in other comprehensive income (Note 24). US\$0.6 million was due to the ineffective portion of the capped swap and was recorded in finance cost (Note 12). US\$11.4 million of the decline was related to hedge contracts settled in the period, and included in revenue (Note 4).

### 32. 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.

### 33. 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.

#### 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.

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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 nine-month period ended September 30, 2019.

	September 30, 2019 USD'000	December 31, 2018 USD'000
<b>Gearing ratio</b>		
Debt (Note 29)	60,751	101,813
Cash and cash equivalents (Note 22)	(54,526)	(52,981)
Restricted cash (Note 22)	(10,440)	(18,644)
<b>Net (cash)/debt</b>	<b>(4,215)</b>	<b>30,188</b>
Equity	223,948	215,261
<b>Net debt to equity ratio</b>	<b>N/M</b>	<b>14%</b>

Debt is defined as long and short-term borrowings (excluding derivatives) as defined in Note 29. Cash and cash equivalents include the Montara Assets' minimum working capital cash balance of US\$15.0 million required under the RBL, while restricted cash comprises the US\$14.1 million in the RBL debt service reserve account as at September 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.

#### 34. SEGMENT INFORMATION

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

	Nine months ended September 30, 2019				
	Producing assets		Exploration		Total USD'000
	Australia USD'000	SEA USD'000	SEA USD'000	Corporate USD'000	
<b>Revenue</b>	<b>234,206</b>	-	-	-	<b>234,206</b>
Production cost	(94,022)	-	-	-	(94,022)
DD&A	(63,072)	-	-	(343)	(63,415)
Staff costs	(4,911)	(747)	(853)	(6,875)	(13,386)
Other expenses	(7,912)	(114)	(320)	496	(7,850)
Other income	956	-	-	1,450	2,406
Finance costs	(14,414)	-	-	(113)	(14,527)
Other financial gain	2,807	-	-	-	2,807
<b>Profit/(loss) before tax</b>	<b>53,638</b>	<b>(861)</b>	<b>(1,173)</b>	<b>(5,385)</b>	<b>46,219</b>

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	September 30, 2019				
	Producing assets		Exploration		Total USD'000
	Australia USD'000	SEA USD'000	SEA USD'000	Corporate USD'000	
<b>Additions to non-current assets</b>	<b>57,026</b>	<b>-</b>	<b>8,525</b>	<b>23</b>	<b>65,574</b>
<b>Total assets &amp; liabilities</b>					
Current assets	146,760	137	-	8,978	155,875
Non-current assets	529,882	-	104,132	1,032	635,046
Current liabilities	(128,052)	(112)	-	(5,576)	(133,739)
Non-current liabilities	(433,234)	-	-	-	(433,234)
<b>Net assets</b>	<b>115,356</b>	<b>25</b>	<b>104,132</b>	<b>4,435</b>	<b>223,948</b>

	Nine months ended September 30, 2018				
	Producing assets		Exploration		Total USD'000
	Australia USD'000	SEA USD'000	SEA USD'000	Corporate USD'000	
<b>Revenue</b>	<b>61,153</b>	<b>7,299</b>	<b>-</b>	<b>-</b>	<b>68,452</b>
Production cost	(36,954)	(3,383)	-	-	(40,337)
DD&A	(7,110)	(657)	-	(77)	(7,844)
Staff costs	(1,798)	(1,470)	(553)	(5,796)	(9,617)
Other expenses	(5,301)	(153)	(184)	(6,071)	(11,709)
Other income	105	(4)	-	190	291
Impairment of asset	-	-	(11,902)	-	(11,902)
Finance costs	(2,413)	(32)	-	(1,419)	(3,864)
<b>Profit/(loss) before tax</b>	<b>7,682</b>	<b>1,600</b>	<b>(12,639)</b>	<b>(13,173)</b>	<b>(16,530)</b>

	December 31, 2018				
	Producing assets		Exploration		Total USD'000
	Australia USD'000	SEA USD'000	SEA USD'000	Corporate USD'000	
<b>Additions to non-current assets</b>	<b>360,774</b>	<b>-</b>	<b>1,835</b>	<b>1</b>	<b>362,610</b>
<b>Total assets &amp; liabilities</b>					
Current assets*	133,349	345	417	8,560	142,671
Non-current assets*	491,809	-	95,607	280	587,696
Current liabilities	(80,687)	(93)	(737)	(3,653)	(85,170)
Non-current liabilities	(429,936)	-	-	-	(429,936)
<b>Net assets</b>	<b>114,535</b>	<b>252</b>	<b>95,287</b>	<b>5,187</b>	<b>215,261</b>

Non-current assets include oil and gas properties, intangible exploration assets and property plant and equipment used in corporate offices. (\* Materials and spares restated, see Note 6)

## Jadestone Energy Inc.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the three and nine months ended September 30, 2019

#### 35. 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 September 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 7). 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 (Note 27), and the remaining US\$100.0 million of contingent payments has not been recognised in the financial statements.

#### 36. RELATED PARTY TRANSACTIONS

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

##### Compensation of key management personnel

	Three months ended September 30, 2019 USD'000	Three months ended September 30, 2018 USD'000	Nine months ended September 30, 2019 USD'000	Nine months ended September 30, 2018 USD'000
Short-term benefits	1,505	1,672	3,664	3,468
Other benefits	208	461	711	716
Share based payments	273	173	642	297
	<u>1,986</u>	<u>2,306</u>	<u>5,017</u>	<u>4,481</u>

#### 37. EVENTS AFTER THE REPORTING PERIOD

##### *Transfer of remaining 1% title interest in Montara titles*

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 received a 99% interest in the Montara titles on May 30, 2019, with the final 1% approved by NOPTA on October 1, 2019.

##### *Acquisition of a 69% stake in the Maari oil complex*

On November 16, 2019, a wholly owned subsidiary of the Company signed a binding asset sale and purchase agreement to purchase a 69% operated interest in the Maari oil complex from OMV New Zealand Limited, a subsidiary of OMV Aktiengesellschaft. The headline purchase consideration is US\$50.0 million, with an economic effective date of January 1, 2019. If Dated Brent averages US\$75/bbl or more in 2020, then a further US\$2.6 million is payable, and US\$1.3 million if Dated Brent averages US\$75/bbl or more in 2021. The Maari oil complex is currently free cashflow positive, with 2P reserves of 13.9mm bbls and recent production of 4,000 – 4,500 bbls/d (both net to 69% working interest).

The transaction is expected to close in H2 2020 and will be funded from Company cash available on hand. Completion will occur upon satisfaction of conditions, including acceptance of Jadestone as operator by the Maari joint venture

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partners, New Zealand Government approvals relating to title transfer and change of operatorship and other customary conditions. OMV will continue as operator until the transaction completes in H2 2020.