JADESTONE ENERGY

Management's Discussion and Analysis

for the financial period ended March 31, 2020

Q1

The following management’s discussion and analysis (“MD&A”) of the operational and financial results and position of Jadestone Energy Inc. (the “Company”, or “Jadestone”) is prepared as at May 28, 2020, and should be read in conjunction with the Company’s unaudited condensed interim financial statements (the “financial statements”) as at, and for the three-months ended March 31, 2020 and the Company’s audited consolidated financial statements and related notes as at and for the year ended December 31, 2019.

The financial statements for the three month period ended March 31, 2020, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements are expressed in United States Dollars (“US$”) and have not been reviewed by the auditor.

Forward Looking Statements

This MD&A contains forward-looking statements, which are based on management assumptions, taking into account all known risks, uncertainties and any other factors which could cause the actual results, performance and achievements to be materially different. Management considers these assumptions to be reasonable, but they may prove to be incorrect, so readers are cautioned not to place reliance on these forward-looking statements.

Non-GAAP Measures

The Company uses measures primarily based on IFRS, but also uses some secondary non-GAAP measures. The non-GAAP measures included in this MD&A and related disclosures are: earnings before interest, tax, depreciation and exploration ("EBITDAX'), net debt and outstanding debt. Neither of these measures is used to enhance the Company's reported financial performance or position. There are no comparable measures in accordance with IFRS for EBITDAX, net debt and outstanding debt. These are useful complimentary measures that are used by management in assessing the performance and liquidity of the Company. The non-GAAP measures do not have standardised meanings prescribed in IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. They are common in the reports of other companies but may differ by definition and application.

Corporate Overview & Strategy

Jadestone is an upstream oil and gas company incorporated in Canada. The Company's ordinary shares are listed on the Alternative Investment Market ("AIM"), a sub-market of the London Stock Exchange. The Company was listed on the TSX-V before its de-listing on March 25, 2020. The Company remains a Canadian domiciled corporation, and has applied to the applicable Canadian securities commissions for designated foreign issuer reporting treatment. The Company trades under the symbol "JSE".

The Company and its subsidiaries (the "Group") are engaged in production, development, and exploration and appraisal activities in Australia, Vietnam, Philippines, and New Zealand once the Group closes its acquisition of the Maari asset, which is anticipated to be in the second half of 2020.

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

Producing Assets

Australia

Montara Oilfield

The Montara Project is located in production licenses AC/L7 and AC/L8, in the Timor Sea, in a water depth of approximately 77 meters. The Montara Assets, comprising the three separate fields being Montara, Skua and Swift/Swallow, are produced through a centralised FPSO. As at December 31, 2019, the Montara Assets had proven plus probable reserves of 27.0mm barrels of oil (100% net to Jadestone), compared to 26.6mm barrels at the end of 2018.

On January 11, 2019, production at Montara restarted following a voluntary shut down initiated on November 1, 2018, to rectify a legacy inspection and maintenance backlog. As a result of the shutdown, on January 7, 2019, the seller (PTTEP Australasia) agreed to fund future cash calls to a cap of US$22.0 million. Management believed that the shutdown was the result of facts and circumstances that existed at the acquisition date, and so adjusted the purchase price allocation.

Stag Oilfield

The Stag Oilfield, in block WA-15-L, is located 60km offshore Western Australia in a water depth of approximately 47 meters. As at December 31, 2019, the field contained total proved plus probable reserves of 14.8mm barrels of oil (100% net to Jadestone), compared to 16.2mm barrels at the end of 2018.

During the period ended March 31, 2020, the Group successfully completed three workovers on the 38H, 43H and 48H wells.

New Zealand

Maari Oilfield

On November 18, 2019, the Group executed a SPA with OMV New Zealand, to acquire an operated 69% interest in the Maari project, for a total cash consideration of US$50.0 million, and subject to customary closing adjustments. As at December 31, 2019 the field holds 2P reserves of 13.9mm bbls of oil, net to Jadestone's 69% interest. The transaction is expected to close in the second half of 2020.

Exploration, appraisal and pre-development assets

The current Southeast Asia ("SEA") exploration and pre-development asset portfolio comprises approximately 4.6 million acres of awarded acreage, across two production sharing contracts ("PSC") in Vietnam (Block 51 and Block 46/07), and two service contracts ("SC") in the Philippines (SC56 and SC57).

Vietnam

Block 51 PSC and Block 46/07 PSC
Jadestone holds a 100% operated working interest in the Block 46/07 PSC and the Block 51 PSC, both in shallow waters in the Malay Basin, offshore Southwest Vietnam. The two blocks hold three discoveries: the Nam Du gas field in Block 46/07 and the U Minh and Tho Chu gas/condensate fields in Block 51.

Prior to May 1, 2017, both blocks were held jointly with Petrovietnam Exploration and Production ("PVEP"), on a 70:30 Jadestone/PVEP working interest basis. Effective May 1, 2017, PVEP relinquished its working interests in both blocks, leaving Jadestone as operator with a 100% working interest. The amended investment licenses for the Block 51 PSC and Block 46/07 PSC, showing Jadestone as operator with a 100% working interest in both licenses, was approved by the Vietnam Government on October 14 and 15, 2019 respectively.

Jadestone's aims to develop the Nam Du and U Minh fields with a view to selling gas into the Vietnamese domestic market. Accordingly, on May 21, 2018, the outline development plan ("ODP"), proposing a standalone joint development of these two fields, was approved by the Vietnamese Ministry of Industry and Trade. On October 17, 2019, Jadestone made the formal declaration of commercial discovery for the Nam Du and U Minh fields, and submitted the formal field development plan ("FDP") for the combined Nam Du/U Minh development project to Vietnam Oil and Gas Group ("PVN") for approval.

On March 19, 2020, the Group announced that, in the absence of government approvals of the FDP, and given the changing market conditions resulting from Covid-19, the ND/UM development project would be deferred. It is now anticipated that first gas will be no earlier than late 2022.

Block 51 is currently held in a suspended development area ("SDA") status. The portion of the block containing the U Minh field will be converted to a development/production area upon approval of the FDP. The remainder of the block, including the Tho Chu field, will remain in SDA status until June 11, 2021. The Tho Chu field will be subject to a later development plan.

Under the terms of the Block 46/07 PSC, Jadestone is committed to drill one more appraisal well on the block. The Group plans to drill the appraisal well on the Nam Du field to prove up additional resource. This well is planned to be retained for future use as a Nam Du gas producer. On July 9, 2019, the Group submitted a request to the Vietnam Government, for a further one-year extension to the Block 46/07 PSC exploration phase two period to June 29, 2021 and this was approved on February 26, 2020. Following the Group's announcement on March 19, 2020 to defer the project, the Group will seek Vietnam Government approval for a further extension in order to align drilling of the appraisal well with development of Nam Du/U Minh. The Group is committed to the project and expects to receive approval for the well extension request.

Block 05-1 PSC
On August 9, 2016, the Group, as buyer, signed a definitive agreement with Teikoku, a wholly-owned subsidiary of Inpex Corporation, as seller, for the acquisition of a 30% working interest in the Block 05-1 PSC, for a total cash consideration of US$14.3 million, and subject to normal closing adjustments.

On February 22, 2018, Teikoku delivered to Jadestone a purported notice of termination of the SPA, despite Teikoku having just received on February 9, 2018, the waiver by PVN, of PVN's statutory pre-emption rights, held under Vietnamese law. The Group has not accepted Inpex's alleged termination, and views the obligations of both parties under the SPA as continuing. The Group maintains its rights under the SPA, and is assessing its options, including remedies through legal action.

Philippines

Service Contract 56 ("SC56")
Jadestone holds a 25% interest in SC56 in partnership with operator Total E&P Philippines B.V. ("Total"). Four wells have previously been drilled on SC56, resulting in the Dabakan and Palendag discoveries. The current exploration period on the block runs until September 1, 2020.

In September 2012, Total farmed into SC56 and assumed a 75% interest, and in August 2014 formally confirmed its intention to drill an exploration well on the Halcon prospect. As a result of the Halcon confirmation, operatorship was transferred to Total, effective October 25, 2014. The Group views Halcon as an economically viable prospect with significant resource potential.

Total subsequently informed Jadestone that it did not intend to drill an exploration well on the Halcon prospect. In December 2017, the Group commenced an arbitration action against Total, claiming failure by Total to drill the well and resultant damages. On January 3, 2020, the arbitration tribunal ("SIAC") found in favor of Jadestone and awarded monetary damages of US$11.1 million, plus legal fees of approximately US$4.3 million, less expenditure incurred prior to the breach.

On March 26, 2020, the Group received notification of the final award from the SIAC, which generated a net award to Jadestone of US$2.2 million after including all legal fees and the Group's share of the SIAC costs, and the deduction of litigation funding fees.

Under the terms of SC56, Total and Jadestone are committed to drill one more exploration well on the block prior to expiry. The Group continues to assess all available options in advance of the license expiration on September 1, 2020. On May 5, 2020, Total advised the Philippines Department of Energy that the Covid 19 pandemic represented a force majeure event under the service contract, and proposed a 12 month extension to the exploration phase of the license, to accommodate for the current circumstances.

The Group's net share of the penalty in the event the well is not drilled is approximately US$2.4 million.

Service Contract 57 ("SC57")
The Group holds a 21% working interest in SC57, but it has been under force majeure since 2011, and these conditions are expected to continue for the next 12 to 24 months.

Operational Activities

Montara Project
Production averaged 8,799 bbls/d (Q1 2019: 11,118 bbls/d) for the first quarter of 2020. This was lower than Q1 2019 due to maintenance activities and cyclone downtime. In addition, Q1 2019 benefitted from flush production following the voluntary shutdown in Q4 2018 to address the legacy inspection and maintenance backlog.

There was a single lifting during Q1 2020, resulting in total sales of 512,575 bbls, compared to a single 578,865 bbls lifting in Q1 2019.

During Q1 2020, the Group completed a 3D seismic programme looking at additional prospects across both of the AC/L7 and AC/L8 licenses. The data is expected to be received in Q4 2020 for interpretation in late 2020 and early 2021.

Stag Oilfield
During the three-month period ended March 31, 2020, production was 2,866 bbls/d, compared to 1,941 bbls/d in Q1 2019, higher in part due to additional production from 49H and improved uptime as Q1 2019 was negatively impacted by rig mobilization in preparation for drilling 49H and poor weather conditions.

Q1 2020 saw two liftings for total sales of 518,193 bbls, compared to a single 169,986 bbls lifting in Q1 2019.

Selected Financial Information

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

	THREE MONTHS ENDED							
USD'000 EXCEPT WHERE INDICATED	**MAR 31, 2020**	**DEC 31, 2019**	**SEP 30, 2019**	**JUNE 30, 2019**	**MAR 31, 2019**	**DEC 31, 2018**	**SEP 30, 2018**	**JUNE 30, 2018**
Production (boe/day)	11,665	14,702	13,036	13,315	13,059	5,215	3,080	4,239
Revenues	74,220	91,200	62,500	115,341	56,366	44,972	32,669	17,496
Net earnings/(loss)	332	10,364	19	21,762	8,360	(6,573)	(2,955)	(4,912)
- Per share: basic & diluted	0.00	0.02	0.00	0.05	0.02	(0.01)	(0.01)	(0.02)
Funds from/(used in) operating activities	46,412	45,846	37,114	33,137	28,540	32,495	(12,224)	(2,583)
- Per share: basic & diluted	0.10	0.10	0.08	0.07	0.06	0.07	(0.03)	(0.01)

Quarter ended: Mar 31, 2020

The quarter generated average production of 11,665 bbls/d. The Group lifted 1,030,768 bbls during the quarter, which generated US$66.0 million in revenues before hedging income of US$8.2 million, and US$46.4 million in operational cashflows. The Montara seismic programme was completed in the quarter for US$8.3 million.

Quarter ended: Dec 31, 2019

The average production for the period was 14,702 bbls/d. The Group lifted 1,266,318 bbls during the quarter, which generated US$87.7 million in revenues, before hedging income of US$3.5 million, and US$45.8 million in operational cashflows after changes in working capital, interest and taxes.

Quarter ended: Sep 30, 2019

The average production for the period was 13,036 bbls/d. Three workovers at Stag were completed during the period, which had been delayed from the prior period, due to the drilling of 49H infill well. The Group lifted 891,644 bbls during the quarter, which generated US$58.3 million in revenues, before hedging income of US$4.2 million, and US$37.1 million in operational cashflows after changes in working capital, interest and taxes.

Quarter ended: Jun 30, 2019

The average production for the period was 13,315 bbls/d. The completion of the 49H infill well at Stag on May 21 generated initial production of over 1,400 bbls/d. The additional production was offset by three wells requiring workovers (subsequently undertaken in Q3 2019). The Group lifted 1,589,352 bbls during the quarter, which generated US$114.0 million in revenues, before hedging income of US$1.4 million, and US$33.1 million in operational cashflows.

Quarter ended: Mar 31, 2019

The average production for the period was 13,059 bbls/d, with Montara restarting production on January 11, 2019 (averaged across the whole quarter) and including a period of flush production. The Group lifted 748,851 bbls during the quarter, which generated US$50.6 million in revenues, before hedging income of US$5.7 million, and US$28.5 million in operational cashflows.

Quarter ended: Dec 31, 2018

Montara production averaged 7,628 bbls/d during October 2018, but was shut in to address an inspection and maintenance backlog during November and December. The average quarter production at Stag was 2,644 bbls/d, or a total of 5,215 bbls/d for the quarter including Montara October production averaged across the whole quarter. The period was impacted by an additional US$4.0 million charge for the safety inspection and maintenance work.

Quarter ended: Sep 30, 2018

Stag reported production for the quarter to September 30, 2018 of 3,080 bbls/d. The Montara Assets were acquired on September 28, 2018 and averaged 7,585 bbls/d for the three days to September 30, 2018, which is excluded from the production shown in the quarterly summary above. Funds used in operations include a net investment (i.e. funds outflow) in working capital of US$12.2 million.

Quarter ended: Jun 30, 2018

Production was 4,239 boe/d for the quarter, reflecting improved uptime at Stag, despite planned maintenance activities which caused the deferral of 38,000 bbls of production, or 417 bbls/d, for the quarter. Revenue was US$17.5 million, due to higher benchmark prices offset by lower production, with the expiry of the Ogan Komering PSC on May 19, 2018.

Production

USD'000	THREE MONTHS ENDED MARCH 31, 2020	MARCH 31, 2019
Montara crude oil (bbls/d)	8,799	11,118
Stag crude oil (bbls/d)	2,866	1,941
Total (bbls/d)	**11,665**	**13,059**

Production averaged 11,665 bbls/d during the first quarter of 2020, compared to 13,059 bbls/d for the three-month period ended March 31, 2019, due to:

- Montara production decreased 2,319 bbls/d compared to Q1 2019, due to the unavailability of Skua-10/Skua-11, and lower uptime due to greater than anticipated cyclone activity. Q1 2019 also benefitted from flush production following the voluntary shutdown in Q4 2018 to address the legacy inspection and maintenance backlog; and
- Stag production increased 925 bbls/d compared to Q1 2019, due to additional production generated by 49H and higher uptime. Q1 2019 was negatively impacted by rig mobilization in advance of drilling 49H and poor weather conditions.

Benchmark Commodity Price and Realised Price

The average quarter benchmark Dated Brent crude oil price was US$50.10/bbl for the three months ended March 31, 2020, compared to US$63.13/bbl, for the same quarter in 2019.

The average realised price was US$64.09/bbl for the first quarter of 2020, compared to US$67.59/bbl for the same quarter in 2019. Realised prices in Q1 2020 included an average premium of US$11.58/bbl (Q1 2019: US$3.65/bbl), in part due to the increased demand for sweet heavy crudes caused by the IMO 2020 regulations. The Group benefited from two liftings in January prior to the decline in oil prices caused by the impact of Covid-19 on the demand for crude oil.

Results of Operations

CONSOLIDATED STATEMENT OF PROFIT & LOSS	THREE MONTHS ENDED MARCH 31, 2020 USD'000	THREE MONTHS ENDED MARCH 31, 2019* USD'000
Revenue	74,220	56,366
Production costs	(30,553)	(22,721)
Depletion, depreciation, and amortisation	(19,582)	(11,892)
Staff costs	(5,607)	(4,568)
Other expenses	(2,901)	(2,744)
Other income	820	303
Finance costs	(3,614)	(4,547)
Other financial gains	359	478
Profit before tax	**13,142**	**10,675**
Income tax expense	(12,810)	(2,315)
Profit for the quarter	**332**	**8,360**
Earnings per ordinary share		
Basic and diluted (US$)	0.00	0.02
Consolidated statement of comprehensive income		
Profit for the quarter	332	8,360
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Gain/(Loss) on unrealised cash flow hedges	35,300	(32,796)
Hedging gain reclassified to profit & loss	(8,162)	(5,752)
	27,138	(38,548)
Tax (expense)/credit relating to components of other comprehensive income/(loss)	(8,142)	11,564
Other comprehensive income/(loss)	**18,996**	**(26,984)**
Total comprehensive income/(loss) for the quarter	**19,328**	**(18,624)**

* Certain 2019 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 37 in the Group's unaudited condensed interim financial statements for the financial period ended March 31, 2020.

Revenue

Revenue for the three month period ended March 31, 2020 was US$74.2 million, compared to US$56.4 million for the same quarter in the 2019, generating a variance of US$17.9 million, predominately due to:

- Higher lifted volumes generated additional revenues of US$19.0 million. The Group lifted 1,030,768 bbls in Q1 2020, compared to 748,851 bbls in Q1 2019;
- Negative price variance lowered revenues by US$3.6 million between the periods, as the average realised price declined from US$67.59/bbls in Q1 2019 to US$64.09/bbl in Q1 2020; and
- Revenue from hedges settled increased by US$2.4 million due to the lower Dated Brent price. The benchmark crude price was US$50.10/bbl in Q1 2020, compared to US$63.13/bbl in Q1 2019.

Production costs

Production costs in Q1 2020 were US$30.6 million compared to US$22.7 million in Q1 2019, an increase of US$7.8 million, predominantly due to:

- Workover costs increased US$2.1 million in Q1 2020. There were three workovers completed at Stag in Q1 2020, compared to one in Q1 2019, as well as well intervention costs at Montara in Q1 2020;
- Repairs and maintenance increased US$2.0 million predominately due to increased maintenance activity at Stag, and tank repair work at Montara;
- Operating costs decreased US$3.8 million from a reduction in personnel costs at Montara due to a transition from PTTEP operatorship and removal of operator overhead charges;
- Logistics declined US$3.6 million due to the expiration of short-term leases recorded as operating costs that were reclassified under IFRS 16 *Leases* to DD&A and finance costs;
- Inventory at Stag required an impairment adjustment of US$0.4 million to revalue the cost down to net realisable value due to the Covid-19 related decline in Dated Brent; and
- Inventory movements generating an increase of US$10.8 million between the periods, due to the timing of liftings. The Group had 273,706 Montara barrels at the start of Q1 2020, production of 800,681 barrels during Q1 2020, less a single lifting of 512,575 bbls, resulting in a net build of 288,106 bbls for the quarter. This was more than offset by a net draw at Stag, with 307,427 bbls at the start of Q1 2020, production of 260,851 bbls during the quarter, less two liftings of 518,193 bbls, resulting in a net draw of 257,342 bbls for the quarter. After allowing for the Stag inventory draw, a net total of US$2.3 million of costs were transferred from inventories to production costs in Q1 2020. This compares to a net build up of 426,465 bbls across both Stag and Montara in Q1 2019, resulting in a transfer of US$8.5 million from production costs to closing crude inventories.

Depletion, depreciation, and amortisation ("DD&A")

The DD&A charge for the three months period ended March 31, 2020 was US$19.6 million, compared to US$11.9 million in Q1 2019, an increase of US$7.7 million, due to:

- DD&A included in closing inventory fell by US$8.0 million in Q1 2020 compared to Q1 2019, due to higher inventories movements between the periods, as a result of the timing of liftings;
- Stag DD&A increased US$1.1 million in Q1 2020 to US$2.6 million (2019: US$1.5 million), reflecting the 49% increase in production and a rate increase to US$9.84/bbl (2019: US$8.76/bbl) due to the inclusion of the cost of the 49H infill well drilled in Q2 2019;
- Montara depletion decreased US$3.7 million, reflecting a decrease of 20% in production. The unit rate was relatively stable at US$17.92/bbl compared to US$18.03/bbl in Q1 2019; and
- Depreciation of right-of-use ("ROU") assets increased US$2.4 million, due to additional logistics contracts undertaken during the course of 2019.

Staff costs

Staff costs for the three month period ended March 31, 2020 was US$5.6 million, compared to US$4.5 million in the same quarter of 2019, an increase of 23%, due to an increase in headcount, largely due to the transfer of operatorship of Montara and the increase in personnel in Vietnam in anticipation of project sanction of ND/UM.

Other expenses

Other expenses for the three month period ended March 31, 2020 were US$2.9 million, compared to US$2.7 million in the same quarter of 2019, an increase of US$0.2 million, predominately due to:

- Additional exploration expense of almost US$1.0 million (2019: Nil) related to the portion of the recent 3D seismic survey that focused outside the current Montara license area;
- An increase of US$0.3 million in professional fees and office expenses predominately related to the Maari transition team and opening of a new office in New Plymouth, New Zealand during the current quarter;
- A decrease of US$0.6 million associated with foreign exchange and hedging derivative losses (ineffective portion) incurred in Q1 2019; and
- A decrease of US$0.5 million, associated with oil and gas properties written off in Q1 2019.

Finance costs

Q1 2020 finance costs were US$3.6 million, a decrease of US$0.9 million compared to Q1 2019 finance costs of US$4.5 million, predominantly due to:

- A decrease in interest expense associated with the Group's reserve based loan ("RBL") of US$1.1 million (Q1 2020: US$0.9 million versus Q1 2019: US$2.0 million), as the Group continued to pay off the principal amount outstanding through the course of 2019;
- An increase of US$0.3 million in interest on lease liabilities due to additional leases undertaken in the course of 2019; and
- A decrease of US$0.2 million of accretion expense for Montara and Stag asset retirement obligations ("ARO") to US$1.6 million (Q1 2019: US$1.7 million), reflecting the change in the underlying ARO assumptions.

Other financial gains

Q1 2020 other financial gains were US$0.4 million, compared to US$0.5 million for Q1 2019, predominately associated with changes in the likelihood of the Montara contingent payments crystallizing.

During Q1 2019, the Group revalued the 2019 deferred contingent payment to US$3.3 million, from US$3.7 million as at December 31, 2018, resulting a gain of US$0.5 million as the forecast average Dated Brent oil fell below US$80/bbl for the remainder of 2019.

During Q1 2020, the Group has derecognised the 2020 contingent payment, resulting in a gain of US$0.4 million. The contingent payment was derecognised as the forecast average Dated Brent oil price has fallen dramatically below US$80/bbl for the remainder of 2020. The probability of paying the 2020 contingent payment is remote given the global economic outlook for the remainder of 2020 amid the Covid-19 pandemic.

Taxation

USD'000	THREE MONTHS ENDED MARCH 31, 2020	MARCH 31, 2019
Current tax		
Corporate	(7,628)	(10,071)
Petroleum resource rent tax ("PRRT")	(7,251)	3,094
	(14,879)	(6,977)
Deferred tax		
Corporate	2,129	5,227
PRRT	(60)	(565)
	2,069	4,662
	(12,810)	**(2,315)**

The overall tax charge in Q1 2020 increased by US$10.5 million, largely due to:

- Current corporate income tax decreased by US$2.4 million predominately due to:
  - Montara generated a lower income tax charge of US$5.7 million in Q1 2020, versus US$9.7 million in Q1 2019, due to lower operating profitability; and
  - Stag generated a higher income tax charge of US$1.9 million in Q1 2020, versus US$0.4 million in Q1 2019, reflecting an increase in taxable profits in the current quarter helped by two liftings in Q1 2020 of 518,193 bbls (Q1 2019: one lifting of 169,186 bbls), and the higher margins on Stag's crude versus a year ago.
- Current period PRRT charges of US$7.3 million result from the two liftings in Q1 2020 of 518,193 bbls (Q1 2019: one lifting of 169,186 bbls) compared to costs from production of 260,851 bbls (Q1 2019: 174,711 bbls). The PRRT credit in Q1 2019 also benefited from initial expenditure on the 49H infill well;
- A reduction in deferred corporate tax of US$3.1 million, mostly due to Montara oil and gas properties depletion charges for Q1 2020 versus Q1 2019, and in particular, a smaller gap between the book depletion charge and the tax charge, caused by the lower production in Q1 2020; and
- A reduction in deferred PRRT of US$0.4 million versus a year ago, due to higher utilisation of PRRT credits by Stag.

Other comprehensive income

USD'000	THREE MONTHS ENDED MARCH 31, 2020	MARCH 31, 2019
Profit for the quarter	332	8,360
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Gain/(Loss) on unrealised cash flow hedges	35,300	(32,796)
Hedging gain reclassified to profit or loss	(8,162)	(5,752)
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Tax (expense)/credit relating to components of other comprehensive income/(loss)	(8,142)	11,564
Other comprehensive income/(loss)	**18,996**	**(26,984)**
Total comprehensive income/(loss) for the quarter	**19,328**	**(18,624)**

Gain/(Loss) on unrealised cash flow hedges

During Q3 2018, the Group entered into a capped swap to hedge approximately 50% of planned production from the existing wells at Montara over the period October 1, 2018 through to September 30, 2020, at swap rates commencing at US$74.22/bbl, through to US$66.62/bbl, by September 2020. Calls for a portion of the swapped barrels were bought at a US$80/bbl strike price to September 30, 2019, and at US$85/bbl thereafter.

The swap contracts settle monthly, based on the average Dated Brent oil price in the prevailing month.

During Q1 2020 the Group recognised a fair value unrealized mark-to-market gain on future cashflow hedges of US$35.3 million (Q1 2019: loss of US$32.8 million), as Dated Brent is anticipated to remain at levels significantly below the hedge swap price until September 2020 when the hedges expire.

Hedging gain reclassified to profit and loss

Following monthly swap settlements for each of the three months in Q1 2020, US$8.2 million (Q1 2019: US$5.8 million) was transferred from other comprehensive income to revenue. The movement predominantly relates to the settlement of the three monthly swap contracts associated during Q1 2020, but also includes the ineffective mark-to-market revaluation of the remaining open Montara capped swap contracts.

Tax relating to components of other comprehensive income

Tax expense included in other comprehensive income for Q1 2020 of US$8.1 million (Q1 2019: tax credit of US$11.6 million) represents the deferred tax impact arising from the net unrealised fair value gain in Q1 2020 (Q1 2019: unrealized fair value loss) from the capped swap revaluation, and based on the Australian corporate income tax rate of 30%.

Financial Position

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

USD'000	AS AT MARCH 31, 2020	AS AT DECEMBER 31, 2019*
Non-current assets	582,236	594,170
Current assets	198,190	160,911
Non-current liabilities	390,816	395,463
Current liabilities	144,439	134,151
Shareholders' equity	245,171	225,467

Non-current assets

USD'000	MARCH 31, 2020	DECEMBER 31, 2019*
Intangible exploration assets	134,040	117,440
Oil and gas properties	365,328	381,674
Plant and equipment	1,758	1,780
Right-of-use assets	55,391	59,787
Restricted cash	10,000	17,477
Deferred tax assets	15,719	16,012
Total non-current assets	**582,236**	**594,170**

Non-current assets as at March 31, 2020 were US$582.2 million (December 31, 2019: US$594.2 million), a decrease of US$11.9 million, predominately due to:

- **Intangible exploration assets** - increased by US$16.6 million due to the 3D seismic survey for new prospects at Montara, and increased expenditure at Nam Du/U Minh;
- **Oil and gas properties** - decreased by US$16.3 million due to depletion charges for the quarter of US$16.9 million, and partly offset with additions of US$0.6 million;
- **Right-of-use assets** - decreased by US$4.4 million due to depreciation recognised for the period;
- **Restricted cash** - decreased by US$7.5 million, due to the release and reclassification of restricted cash from the RBL to current assets. The RBL is scheduled to be repaid in full by Q1 2021; and
- **Deferred tax assets** - decreased by US$0.3 million largely due to the utilisation of PRRT credits carried forward from December 31, 2019 at Stag.

* Certain 2019 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 37 in the Group's unaudited condensed interim financial statements for the financial period ended March 31, 2020.

Current assets

USD'000	MARCH 31, 2020	DECEMBER 31, 2019
Inventories	31,841	31,411
Trade and other receivables	24,534	42,283
Derivative financial instruments	32,411	5,275
Restricted cash	12,160	6,008
Cash and cash equivalents	97,244	75,934
Total current assets	**198,190**	**160,911**

Current assets as at March 31, 2020 were US$198.2 million, compared to US$160.9 million as at December 31, 2019, predominately due to:

- **Inventories** - increased by US$0.4 million due to an increase in materials and spares by US$1.3 million, partly offset by a decrease in crude oil inventories of US$0.8 million;
- **Trade and other receivables** - decreased by US$17.7 million, due to a US$21.9 million reduction in trade receivables because of smaller outstanding balances at the end of Q1 2020, partially offset by a US$4.3 million increase in hedge settlement receivables as a result of lower benchmark oil prices;
- **Derivative financial instruments** - increased by US$27.1 million to reflect the change in the fair market value of the remaining swap contracts that expire on September 30, 2020; and
- **Restricted cash, plus cash and cash equivalents** - increased by US$27.5 million, due to organic cash generation in the business during Q1 2020.

Non-current liabilities

USD'000	MARCH 31, 2020	DECEMBER 31, 2019
Provisions	281,562	280,418
Borrowings	-	7,328
Lease liabilities	38,649	42,533
Other payable	-	359
Deferred tax liabilities	70,605	64,825
Total non-current liabilities	**390,816**	**395,463**

Non-current liabilities as at March 31, 2020 were US$390.8 million, a decrease of US$4.6 million from December 31, 2019, predominately due to:

- **Provisions** - increased by US$1.1 million, due to a US$1.6 million accretion in the ARO provision during Q1 2020, partly offset by a reduction in the Stag FSO provision of US$0.4 million, due to changes in estimates;
- **Borrowings** - decreased by US$7.3 million due to further repayments of the outstanding RBL. The RBL is scheduled to be fully repaid on March 31, 2021;
- **Lease liabilities** - decreased by US$3.9 million due to lease payments made. There were no new leases entered into by the Group during Q1 2020;
- **Other payable** - decreased by US$0.4 million due to the derecognition of 2020 contingent payments to PTTEP associated with the purchase of the Montara Project. The probability of paying the contingent payment is remote given the significant reduction of crude oil prices in 2020 associated with Covid-19; and
- **Deferred tax liabilities** - increased by US$5.8 million arising from the US$8.1 million tax effect arising from the unrealised fair value gain on the capped swap, partly offset by the US$2.1 million tax effect from oil & gas properties depletion charges in Q1 2020.

Current liabilities

USD’000	MARCH 31, 2020	DECEMBER 31, 2019
Borrowings	36,566	41,795
Lease liabilities	19,648	19,739
Trade and other payables	35,943	27,962
Tax liabilities	52,282	44,655
Total current liabilities	**144,439**	**134,151**

Current liabilities as at March 31, 2020 were US$144.4 million, an increase of US$10.3 million from December 31, 2019, predominately due to:

- **Borrowings** - decreased by US$5.2 million reflecting the net movement from the March 31, 2020 repayment and the transfer of outstanding payments previously classified as non-current liabilities. The loan will be fully repaid by March 31, 2021.
- **Trade and other payables** - increased by US$8.0 million predominately due to increase in PRRT payable of US$7.3 million which has been paid in April; and
- **Tax liabilities** - increased by US$7.6 million mainly due to income tax expenses incurred by the Group during the current quarter.

Share capital

The share capital consists of fully paid ordinary shares with a nil par value. All shares are equally eligible to receive dividends and the repayment of capital, and each share is entitled one vote at the shareholders’ meeting.

	AS AT MARCH 31, 2020	AS AT DECEMBER 31, 2019
Number of issued ordinary shares	461,042,811	461,042,811
	USD’000	**USD’000**
At beginning of the quarter/year	466,573	466,562
Issued during the quarter/year	-	11
At end of the quarter/year	**466,573**	**466,573**

Shareholders’ equity

Shareholders’ equity increased by US$19.7 million compared to December 31, 2019, due to other comprehensive income of US$19.0 million arising from the Montara capped swap, transactions with owners of US$0.4 million, and profit after tax of US$0.3 million generated in the current quarter.

Liquidity And Capital Resources

Cash at bank

As at March 31, 2020, current cash and cash equivalents was US$97.2 million, excluding restricted cash of US$22.2 million, compared with US$58.5 million as at March 31, 2019. The following table provides selected cash flow information for the quarters indicated.

USD'000	THREE MONTHS ENDED MARCH 31, 2020	THREE MONTHS ENDED MARCH 31, 2019*
Net cash generated from operating activities	46,412	28,540
Net cash used in investing activities	(7,229)	(4,870)
Net cash used in financing activities	(17,873)	(18,161)
Net increase in cash and cash equivalents	21,310	5,509
Cash and cash equivalents at beginning of the quarter	75,934	52,981
Cash and cash equivalents at end of the quarter	**97,244**	**58,490**

The cash balance improved as at March 31, 2020, compared to December 31, 2019, due to organic operating cash generation during the period. The increase in cash balances was partly invested for the acquisition of intangible exploration assets of US$8.1 million and repayment of the RBL of US$12.8 million during Q1 2020.

Working capital

Working capital is the amount by which current assets exceed current liabilities. As at March 31, 2020, the Group's working capital remains positive at US$53.8 million, an increase of US$27.0 million compared to December 31, 2019. A breakdown of the Group's working capital is as follows.

USD'000	AS AT MARCH 31, 2020	AS AT DECEMBER 31, 2019	CHANGE
Current assets	198,190	160,911	37,279
Current liabilities	144,439	134,151	10,288
Net working capital	**53,751**	**26,760**	**26,991**

The increase in net working capital was partly due to the increase in cash and cash equivalents including current restricted cash of US$27.4 million, the increase in derivative financial assets by US$27.1 million, and a decrease in current borrowings of US$5.2 million. These increases were partially offset by the decrease in trade and other receivables of US$17.7 million, and an aggregate increase in trade and other payables and tax of US$15.6 million.

* Certain 2019 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 37 in the Group's unaudited condensed interim financial statements for the financial period ended March 31, 2020.

Non-GAAP Measures

Outstanding debt

Outstanding debt is a non-GAAP measure which does not have a standardised meaning prescribed by IFRS. This non-GAAP finance measure is included because management uses the information to manage the capital structure and make adjustments to it based on the funds available to the Group.

The Group currently has outstanding debt of US$37.3 million, which is fully repayable over the next 12 months.

USD'000	MARCH 31, 2020	DECEMBER 31, 2019
Long term borrowings	-	7,328
Short term borrowings	36,566	41,795
Add back: effective interest method financing costs	748	1,021
Outstanding debt	**37,314**	**50,144**

Net cash

Net cash is a non-GAAP measure which does not have a standardised meaning prescribed by IFRS. This non-GAAP finance measure is included because management uses the information to analyse financial strength of the Group. The measure is used to ensure capital is managed effectively in order to support its ongoing operations, and to raise additional funds if required.

USD'000	MARCH 31, 2020	DECEMBER 31, 2019
Outstanding debt	(37,314)	(50,144)
Cash and cash equivalents	97,244	75,934
Restricted cash	12,160	13,485
Net cash	**72,090**	**39,275**

Outstanding debt is defined as long and short-term interest bearing debt, with effective interest method financing costs added back, and excludes derivatives. Cash and cash equivalents includes the minimum working capital cash balance of US$15.0 million required under the RBL, while restricted cash comprises US$12.2 million in the RBL debt service reserve account (December 31, 2019: US$13.5 million). Restricted cash, as shown here, excludes the US$10.0 million deposited in support of a bank guarantee to a key supplier in respect of the Stag FSO.

EBITDAX

EBITDAX is a non-GAAP measure which does not have a standardised meaning prescribed by IFRS. This non-GAAP finance measure is included because management uses the information to analyse cash generation and financial performance of the Group.

USD'000	THREE MONTHS ENDED MARCH 31, 2020	THREE MONTHS ENDED MARCH 31, 2019*
Revenue	74,220	56,366
Production cost	(30,553)	(22,721)
Staff cost	(5,607)	(4,568)
Other expenses	(2,901)	(2,744)
Other financial gains	359	478
Reported EBITDAX	35,518	26,811
Depletion, depreciation and amortisation	(19,582)	(11,892)
	15,936	14,919
Non-recurring		
Hedge gain	8,162	5,752
Riserless light well intervention	(2,944)	(1,411)
Others	(972)	(1,074)
Gain on contingent considerations	359	478
	4,605	3,745
Adjusted EBITDAX	**30,913**	**23,066**

* Certain 2019 comparative information has been restated, as a result of reclassifications between line items. Please refer to Note 37 in the Group's unaudited condensed interim financial statements for the financial period ended March 31, 2020.

Financial Instruments, Financial Risks And Capital Management

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

Business Risks and Uncertainties

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

Impact of Coronavirus outbreak ("Covid-19")

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

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

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

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

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

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

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

Segment Information

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

Revenue and non-current assets information based on the geographical location of assets are as follows:

	THREE MONTHS ENDED MARCH 31, 2020			
	PRODUCING ASSETS AUSTRALIA USD'000	EXPLORATION/ DEVELOPMENT SEA USD'000	CORPORATE USD'000	TOTAL USD'000
Revenue				
Liquids revenue	74,220	-	-	74,220
Production cost	(30,553)	-	-	(30,553)
DD&A	(19,481)	(28)	(73)	(19,582)
Staff costs	(2,288)	(1,061)	(2,258)	(5,607)
Other expenses	(1,494)	(82)	(1,325)	(2,901)
Other income	892	5	(77)	820
Finance costs	(3,604)	(1)	(9)	(3,614)
Other financial gains	359	-	-	359
Profit/(Loss) before tax	**18,051**	**(1,167)**	**(3,742)**	**13,142**
Additions to non-current assets	5,955	11,223	75	17,253
Non-current assets	438,218	127,357	942	566,517

	THREE MONTHS ENDED MARCH 31, 2019			
	PRODUCING ASSETS AUSTRALIA USD'000	EXPLORATION/ DEVELOPMENT SEA USD'000	CORPORATE USD'000	TOTAL USD'000
Revenue				
Liquids revenue	56,366	-	-	56,366
Production cost	(22,721)	-	-	(22,721)
DD&A	(11,782)	-	(110)	(11,892)
Staff costs	(1,727)	(775)	(2,066)	(4,568)
Other expenses	(2,298)	(97)	(349)	(2,744)
Other income	302	-	1	303
Finance costs	(4,920)	-	373	(4,547)
Other financial gains	478	-	-	478
Profit/(Loss) before tax	**13,698**	**(872)**	**(2,151)**	**10,675**
Additions to non-current assets	6,071	2,543	-	8,614
Non-current assets	517,157	98,214	1,229	616,600

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

Off Balance Sheet Arrangements

The Group has no off-balance sheet arrangements.

Related Party Transactions

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

Compensation of key management personnel

	THREE MONTHS ENDED MARCH 31, 2020 USD'000	THREE MONTHS ENDED MARCH 31, 2019 USD'000
Short-term benefits	1,706	1,089
Other benefits	215	212
Share-based payments	237	123
	2,158	**1,424**

The total remuneration of members of key management for three months ended March 31, 2020 (including salaries and benefits) was US$2.2 million (March 31, 2019: US$1,4 million).

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

Events After the End of the Reporting Period

Australian dollar forward contracts

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

Stocks options, performance shares and restricted shares

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

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

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

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

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

Additional Information

Additional information relating to the Company, including Management Information Circulars, NI 51-101 oil and gas disclosures, material change reports, and other important items of disclosure, and previous interim and annual consolidated financial statements are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.