Jadestone Energy Inc Announces Acquisition - Maari Project, Offshore New Zealand

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Jadestone Energy Inc. to Acquire an Operated 69% Interest in the Maari Project, Offshore New Zealand

SINGAPORE, November 18, 2019 - Jadestone Energy Inc. (AIM:JSE, TSXV:JSE) ("Jadestone" or the "Company"), an independent oil and gas production company focused on the Asia Pacific region, is pleased to announce that it has executed a sale and purchase agreement ("SPA") with OMV New Zealand Limited ("OMV New Zealand"), a subsidiary of OMV, to acquire an operated 69% interest in the Maari Project, shallow water offshore New Zealand (the "Acquisition"), for a total headline cash consideration of US$50 million (subject to customary closing adjustments), to be funded from the Company's cash resources.

Overview of the Maari Project

The Maari Project is a mid-life producing asset located in permit PMP 38160, in the offshore Taranaki basin, in 100 metres water depth, approximately 80 kilometres southwest of New Zealand's North Island. The project includes the Maari and Manaia oil fields, produced via a self-elevated jack-up wellhead platform, an FPSO, owned by the joint venture partners (being Horizon Oil Limited (26%) and Cue Taranaki Pty Ltd (5%)) and the associated decommissioning liability with respect to all facilities, which is shared by the partners in accordance with their respective working interests.

The fields hold 2P reserves of 13.9 mm bbls of oil[1], and current production is approximately 4,000 - 4,500 bbls/d, both on a net 69% basis.

The project has been producing since 2009, achieving peak production of 16,400 bbls/d in 2010. With original oil in place of close to 300 mm bbls in the producing reservoirs and cumulative production of 38.3 mm bbls, the fields have achieved only a modest recovery factor of 13% to date.

The fields, based on their current 2P reserves, are scheduled to produce until 2031, however the Jadestone management team believe there is substantial potential for reserves upside not yet captured in the 2P reserves.

Overview of the Acquisition

The Acquisition has a total headline cash consideration of US$50 million based on an economic effective date of January 1, 2019, and is structured as a purchase of an interest in the assets.

Upon completion, the purchase price will be adjusted to reflect after tax free cashflow from the economic effective date, and other customary adjustments. The Maari Project generated after tax free cashflow for the calendar year to December 31, 2018 of US$40.1 million (on a net 69% basis)[2].

Additional contingent consideration of US$2.6 million is payable in the event that Dated Brent averages above US$75/bbl in 2020, and a further US$1.3 million if Dated Brent averages above US$75/bbl in 2021.

The Company believes this transaction represents exceptional value to Jadestone shareholders. Highlights of the transaction include:

? An increase in the Company's net production by approximately 30%, and 2P reserves by 33%;

? 1.2x the Maari Project's 2018 after tax free cashflow[2], 0.8x the Maari Project's 2018 EBITDAX[2];

? $3.61/bbl of 2P reserves[1];

? 0.28x of 2P NAV[1,4] and 0.66x of 1P NAV[1,4];

? Unlevered IRR of approximately 100%, based on the base case 2P profile, and approximately an adjusted unlevered IRR close to 50% when burdened upfront with all future estimated 2P asset decommissioning costs[3];

? Expected payback in less than 12 months from anticipated transaction closing;

? 20% accretion on an NAV/share basis[4]; and

? Immediately accretive on an operating cashflow per share and free cashflow per share basis[2].

The purchase consideration will be funded from available cash when accounting for existing cash on hand, ongoing cashflow generation from the Company's producing assets and the expected cash flows from the Maari Project between the effective date and completion. The rest of Jadestone's portfolio remains self-funding, including the Nam Du/U Minh gas development due for sanctioning shortly, and for which a portion of the capital expenditure is expected to be funded from a planned enlargement of the Company's reserve based loan facility. The acquisition further enhances the Company's ability to meet the funding requirements associated with its stated dividend policy, including the maiden dividend in 2020.

Completion of the Acquisition will occur upon satisfaction of conditions, including acceptance of Jadestone as operator by the Maari joint venture partners, New Zealand Government approvals relating to title transfer and change of operatorship and other customary conditions on or before November 15, 2020. The Company anticipates completing the transaction in H2 2020, and until then OMV New Zealand will continue as operator of the assets.

New Zealand

New Zealand is highly regarded as a dynamic business landscape and offers the best fiscal regime in the Asia Pacific region for upstream oil and gas activity, comprising a relatively uncomplicated system of royalties and taxes. The New Zealand Government's support for the development of existing resources, coupled with a constructive regulatory environment, makes it an excellent fit for Jadestone.

The Company intends to establish New Zealand as an extension to its Australia core area. As another maturing hydrocarbon basin in the region, additional opportunities are likely to become available which fit the Company's strategy to acquire and reinvest into mid-life producing assets. Through a mix of capturing synergies with its existing business, optimising reserves recovery, and additional inorganic growth, the Company is targeting building a portfolio of assets with an ultimate production base of 15 to 20 mboe/d in New Zealand.

Paul Blakeley, President and CEO commented:

"I'm delighted to establish a new operating presence in New Zealand and to begin building relationships with local regulators, communities, staff and other stakeholders. Adding the Maari Project to our growing portfolio of high-value assets in the Asia Pacific region demonstrates our ability to bolt on new assets and provides more than a decade of additional free cashflow, even in the 2P reserves only scenario, as supported by our external reserves audit. The Maari project adds both significant additional opportunity as well as diversity to our operations. New Zealand is a natural strategic fit for Jadestone, where we see many shared values with regards to sustainable energy investment, through maximising recovery of existing resources and

world-class expectations for health, safety and environmental stewardship.

"We are excited by the opportunity to deploy our expertise to managing this mid-life producing asset, particularly as we see significant reserves upside. The Maari Project has achieved very modest recovery factors to date, relative to the substantial estimated original oil in place, making this an ideal platform to showcase our differentiated technical capabilities. With ongoing reinvestment into the fields, we foresee many opportunities to add value without relying on further exploration or appraisal success. At the same time, our focus is on extending the life of existing infrastructure that may otherwise not realise its full potential, thereby continuing to generate income, growth, and ongoing employment for local communities and the New Zealand economy.

"The Acquisition is immediately accretive to shareholder value and will be funded entirely with cash on hand. I look forward to establishing an office in New Plymouth, and to further engaging with regulators and local communities as we build our Jadestone team and establish operating credentials in New Zealand."

Conference Call

The management team will host an investor and analyst conference call at 08:30 (UK), 16:30 (Singapore), and 21:30 (New Zealand) today, including a question and answer session.

Dial-in details are provided below, in addition to a link to a live webcast of the call. The Company has posted a new presentation to its website, at: www.jadestone-energy.com/investor-relations/presentations-communication/.

Webcast link: https://event.on24.com/wcc/r/2139173/52503F7A3893F3380DCB156847F0F0CD

Event conference title: Jadestone Energy Inc. - Management Briefing

Start time: 08:30 (UK), 16:30 (Singapore), 21:30 (New Zealand)

Date: November 18, 2019

Conference ID: 24489651

Country	Dial-In Numbers
Australia	1800076068
Canada (Toronto)	416 764 8609
Canada (Toll free)	888 390 0605
France	0800916834
Germany	08007240293
Germany (Mobile)	08007240293
Hong Kong	800962712
Indonesia	0078030208221
Ireland	1800939111

Ireland (Mobile)	1800939111
Japan	006633812569
Malaysia	1800817426
Singapore	8001013217
Switzerland	0800312635
Switzerland (Mobile)	0800312635
United Kingdom	08006522435
United States (Toll free)	888 390 0605

Area access numbers are subject to carrier capacity and call volumes.

1 Based on a reserves audit prepared for the Company by ERCE, an independent qualified reserves auditor, with an effective date of December 31, 2018 and incorporating ERCE's current oil price assumption deck (2019 real Brent crude oil prices of US$61/bbl, US$64/bbl, US$66/bbl, and US$67/bbl for 2019, 2020, 2021, and 2022 and beyond, respectively), and prepared in compliance with the COGE Handbook.

2 EBITDAX, after tax operating cashflow, and after tax equity free cashflow are non-GAAP financial measures which do not have a standardised meaning prescribed by IFRS. These non-GAAP financial measures are included because management uses this information to analyse financial performance, efficiency and liquidity and it may be useful to investors on the same basis. With the exception of EBITDAX, there are no comparable measures to these non-GAAP measures in accordance with IFRS. EBITDAX is a non-GAAP measure which should not be considered an alternative to, or more meaningful than, "net earnings (loss)" as determined in accordance with IFRS, as an indicator of financial performance. EBITDAX equals net earnings (loss) plus financial expenses (income), provisions for (recovery of) income taxes, and depletion, depreciation and amortisation and exploration expense. After tax operating and after tax equity free cashflows are after crown royalties and corporate taxes, and in the case of after tax free cashflow after capex. Both measures exclude estimated depletion, depreciation and amortisation and exploration expense. Because these non-GAAP financial measures do not have a standardised meaning prescribed by IFRS, they are unlikely to be comparable to similar measures presented by other companies and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

3 IRRs are calculated based on ERCE 2P case including ERCE's current oil price assumption deck and estimated future decommissioning costs. The adjusted unlevered IRR incorporates estimated future decommissioning costs discounted back to January 1, 2019 at a risk-free rate of return of 2.5% and included as a cash outflow on day one, along with the purchase consideration.

4 NAV for Montara, Stag, and Maari are after tax NPV10 values as per reserves and resources reports from ERCE, as of December 31, 2018; NAV for Nam Du/U Minh is based on management's estimated production profiles for the fields based on ongoing negotiation with Petrovietnam, and sum to 171.3 bcf gas and 1.6 mm bbls condensate being the unrisked 2C resources as per ERCE. This profile together with management estimates for Capex and Opex were used to calculate the NPV10 value for this development; NAV accretion includes the Nam Du/U Minh Vietnam gas development. Excluding Nam Du/U Minh, the per share NAV accretion increases to 33%; Per share metrics are based on fully diluted shares outstanding of 464.0 mm.

- Ends -

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About Jadestone Energy Inc.

Jadestone Energy Inc. is an independent oil and gas company focused on the Asia Pacific region. It has a balanced, low risk, full cycle portfolio of development, production and exploration assets in Australia, Vietnam and the Philippines.

The Company has a 100% operated working interest in the Stag oilfield and the Montara project, both offshore Australia. Both the Stag and Montara assets include oil producing fields, with further development and exploration potential. The Company has a 100% operated working interest in two gas development blocks in Southwest Vietnam and is partnered with Total in the Philippines where it holds a 25% working interest in the SC56 exploration block.

Led by an experienced management team with a track record of delivery, who were core to the successful growth of Talisman's business in Asia, the Company is pursuing an acquisition strategy focused on growth and creating value through identifying, acquiring, developing and operating assets throughout the Asia-Pacific region.

Jadestone Energy Inc. is currently listed on the TSXV and AIM. The Company is headquartered in Singapore. For further information on Jadestone please visit www.jadestone-energy.com.

Cautionary statements

Certain statements in this press release are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation, as well as other applicable international securities laws. The forward-looking statements contained in this press release are forward-looking and not historical facts.

Some of the forward-looking statements may be identified by statements that express, or involve discussions

as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "is targeting", "estimated", "intend", "plan", "guidance", "objective", "projection", "aim", "goals", "target", "schedules", and "outlook"). In particular, forward-looking statements in this press release include, but are not limited to statements regarding reserves volumes, production forecasts, the financial benefits of the Acquisition, satisfaction of conditions under the SPA, timing of completion of the Acquisition, the Company's operations within New Zealand, further acquisitions within New Zealand and the payment and timing of the Company's maiden dividend.

Because actual results or outcomes could differ materially from those expressed in any forward-looking statements, investors should not place undue reliance on any such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Some of these risks, uncertainties and other factors are similar to those faced by other oil and gas companies and some are unique to Jadestone. The forward-looking information contained in this news release speaks only as of the date hereof. The Company does not assume any obligation to publicly update the information, except as may be required pursuant to applicable laws.

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

Henning Hoeyland of Jadestone Energy Inc., a Subsurface Manager with a Masters degree in Petroleum Engineering who is a member of the Society of Petroleum Engineers and who has been involved in the energy industry for more than 18 years, has read and approved the technical disclosure in this regulatory announcement.

The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No. 596/2014, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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

Glossary

2P reserves the sum of proved and probable reserves, denotes the best estimate scenario of reserves

bbls barrels of oil
bbls/d barrels of oil per day
bcf billion cubic feet

EBITDAX earnings before interest, tax, depreciation, amortisation and exploration expenses
FPSO floating production, storage and offloading vessel
mm bbls millions of barrels of oil

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