Jadestone Energy Inc Announces 2020 Half Year Results and Dividend Declaration

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SINGAPORE, September 10, 2020 - Jadestone Energy Inc. (AIM:JSE) ("Jadestone" or the "Company"), an independent oil and gas production company and its subsidiaries (the "Group"), focused on the Asia Pacific region, reports today its unaudited condensed consolidated interim financial statements (the "Financial Statements"), as at and for the six-month period ended June 30, 2020, and announces its maiden interim dividend. Management will host a conference call today at 9:00 a.m. UK time, details of which can be found in the release below.

Paul Blakeley, President and CEO commented:

"I'm pleased to provide a first half 2020 report that underscores the resilience of our business. Despite one of the most challenging periods our industry has ever faced, we have not compromised on our commitment to sustainability, and all our personnel remain safe with no recorded incidents of COVID-19, and no lapses in safety or environmental responsibility. Against the backdrop of benchmark commodity prices 40% lower than the same period last year, our assets have remained essentially unimpaired. In addition, through quick action in both managing our capital spending commitments and driving deeper efficiencies and cost savings throughout the entire business, we have kept our balance sheet strong. These decisive steps through the first half of 2020, have ensured we maintain our financial strength and preserve our cash for what we expect to be a market recovery through next year. We generated positive operating cash flows of US$57.1 million in H1 2020, we doubled our net cash position to a record high of US$78.3 million, and we are now in the final phase of repayment of our reserves based loan. We expect to be entirely debt free at the end of Q1 2021.

"I see Jadestone's performance as a strong differentiator, and I am pleased to be able to translate this performance directly into shareholder returns through our maiden interim dividend of 0.54 US cents per share, declared today. In addition, our H1 performance has facilitated ongoing execution of our growth strategy, including the Lemang acquisition in Indonesia, announced in June. We are making excellent progress toward satisfying the closing conditions for Lemang and also for the New Zealand Maari acquisition, which remains on track for completion before the end of the year.

"Our focus on cost containment has extended to the deferment of several well workovers, and other non-critical interventions, as I see little point in chasing short term production volume into a profoundly weak crude oil market. In addition, these activities could only have been achieved, if at all, by spending significant additional dollars to deliver the necessary equipment, spares and manpower, in a world constrained by COVID-19 related restrictions. As a result, we are revising 2020 production guidance downwards to 11,000-12,500 bbls/d, to reflect our conscious decision to curtail all investment for the last eight months, and will only now restart these activities in response to recent price recovery. We're nevertheless re-affirming the Group opex/bbl guidance, despite lower production, in part due to the over US$28.0 million of Project Clover initiatives implemented to date, and the capital expenditure guidance for this year as we target new investment recommencing in the new year.

"With an improved higher oil price, we are now executing a steady stream of workover and growth activities to re-build uptime performance and to grow production. All equipment required for drilling the delayed infill wells from this year has been ordered, and the necessary drill rig availability has been secured for mid-2021. Progress on both the Vietnam Nam Du/U Minh and Indonesia Lemang gas developments provide us optionality in pushing forwards with final investment decisions next year, with more detail on this to come as part of 2021 guidance. These decisions will always be balanced by market conditions, as will our approach to inorganic activity, where we see a number of very material opportunities emerging across the region for 2021. The key will be to remain disciplined, remembering our strict evaluation criteria to ensure ongoing value add for shareholders, but having weathered the storm I'm now excited by what lies ahead."

2020 FIRST HALF RESULTS SUMMARY

- H1 2020 production of 12,116 bbls/d, 8% lower than H1 2019 of 13,118 bbls/d, due to weather downtime and increased maintenance activities in Q1 2020, and an intentional pull-back on well workovers and well interventions;
- Net revenue for H1 2020 of US$115.7 million, down 33% from H1 2019 of US$171.7 million due to lower oil prices, as a result of the fall in the demand for oil arising from COVID-19, and lower liftings;
- Average realised oil prices[1] in H1 2020 of US$46.47/bbl, 34% lower than H1 2019. The average Dated Brent price incorporated into liftings in H1 2020 was US$38.36/bbl in H1 2020, or 43% down on H1 2019, while realised prices included an average premium over the benchmark of US$8.19/bbl (H1 2019: US$3.74/bbl);
- Costs of production in H1 2020 of US$44.5 million, a decrease of 28% from H1 2019. This equates to unit operating costs[2] of US$23.27/bbl, down 4% from H1 2019 of US$24.13/bbl, due to better cost efficiency achieved in the current period compared to H1 2019;
- Net profit after tax of US$5.4 million, down from US$30.9 million in H1 2019;
- H1 2020 positive operating cash flows of US$57.1 million, before movements in working capital, down 41% compared to H1 2019 of US$96.3 million;

· Capital expenditure of US$19.5 million incurred during the period, down 37% compared to the prior period, due to the deferral of Nam Du/U Minh development in Vietnam this year and the 49H infill well last year;

- 2020 cashflow saving initiatives under Project Clover, the Group-wide efficiency and cashflow savings programme, of over US$24.0 million implemented to date, versus 2020 plan, plus a minimum of another US$4.0 million of savings to come from the change to the shuttle tanker crude offloading strategy at Stag. Over US$10.0 million of the Clover savings was implemented and achieved in H1 2020, and there is a further US$10.0 million of additional Clover opportunities not yet implemented, but being pursued;

· Net cash at June 30, 2020 of US$78.3 million, roughly double the amount at December 31, 2019 of US$39.3 million;

- 2020 production guidance revised to 11,000-12,500 bbls/d, as a result of a slowdown in well interventions, in part due to the greater costs and inefficiencies amidst the COVID-19 restrictions and a deliberate decision to push back generating additional production when oil prices were at their lowest;
- 2020 full year opex/bbl and capex guidance re-affirmed at US$20.50-23.50/bbl and US$30-35 million, respectively;
- Ongoing execution of the Group's growth strategy with the acquisition of a 90% operated interest in the Lemang PSC, marking Jadestone's re-entry into Indonesia, one of the most prolific oil and gas jurisdictions in the Asia Pacific region, on track to close in Q1 2021;
- Strong progress towards closing the acquisition of a 69% operated interest in the Maari project, offshore New Zealand, with final government approvals expected Q4 2020; and

· A maiden interim dividend of 0.54 US cents/share has been declared, a total distribution of US$2.5 million, in line with guidance for the year of a full year dividend of US$7.5-12.5 million, split approximately one-third/two-thirds between interim/final.

[1] Realised oil price represents the actual selling price, net of marketing fees, and before any impact from hedging.

[2] Unit operating costs per barrel excludes workover expenses, inventories written down and movement in inventories, but includes operational right-of-use assets lease payments.

Click on, or paste the following link into your web browser, to view the full announcement.

http://www.rns-pdf.londonstockexchange.com/rns/5950Y_1-2020-9-10.pdf

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