

Jadestone Energy Inc. Announces Trading and Operations Update

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SINGAPORE, December 4, 2020 - Singapore: [Jadestone Energy Inc.](#) (AIM:JSE) ("Jadestone", the "Company", or the "Group"), an independent oil and gas production company focused on the Asia Pacific region, is pleased to provide a trading and operations update.

Highlights

- Group production from January 1 through November 30, 2020 averaged 11,356 bbls/d;
- The Group remains on track to deliver full year production guidance of 11,000-12,500 bbls/d,
- Gross cash and bank balances of US\$100.2 million as of November 30, 2020, versus US\$99.4 million at December 31, 2019 as a result of continued profitable production throughout the year;
- Net cash of US\$82.6 million, versus US\$39.3 million at December 31, 2019;
- Maari acquisition progressing, but no longer expected to close before year end as a result of delays caused by COVID-19 and New Zealand's recent general election. The Company anticipates the acquisition to close in H1 2021 with the effective date remaining January 1, 2019;
- Lemang, Indonesia acquisition on track to close in Q1 2021 or earlier;
- Valaris 107 drilling rig contracted for 2021 infill drilling and well workovers in Australia; and
- Discussions with relevant authorities relating to the Vietnam Nam Du/U Minh gas fields development project are ongoing, with preparations to issue the FPSO contract tender being made.

Paul Blakeley, President and CEO commented:

"Our primary focus during this extraordinary year has been to strengthen our balance sheet and protect the Company from spending inefficiently into the low oil price environment we've seen during the course of the last two quarters. We have started to reinstate investment which will restore production at both Stag and Montara over the course of the next 12 months. This is aimed at taking advantage of what we anticipate will be stronger pricing going forwards, even as Brent edges up above \$49/bbl today, the highest level since March. We have already completed the first three workovers at Stag, which were deferred during the second/third quarter and are looking to complete three more between now and the end of the year. At Montara, having encountered problems at the two Skua subsea wells, we are planning well workovers which will either be done via a subsea remote operated vehicle, or with the Valaris 107 drilling rig, which has been secured on contract commencing late Q2 2021 and which, with the right economic environment, will also drill the Montara H6 infill well.

Despite this, we still expect to deliver full year average production, in line with our revised guidance for the year. Similarly, with good progress on our Company-wide cost savings initiatives, we also anticipate meeting the operating cost target within our guidance range. Notably, we did not revise our unit cost guidance upward this year, despite lower production, reflecting the significant achievements made to reduce operating costs through Project Clover, and we continue to work to lock in much of these savings as permanent structural changes in our cost base. The remaining elements of our guidance were also delivered, having completed our maiden interim dividend distribution, and also reducing our capital spending to within a range of US\$30 to US\$35 million.

We continue to make progress on our inorganic growth endeavours, notwithstanding the additional challenges of the ongoing impact of the COVID-19 pandemic, as well as the recent New Zealand general election in the case of the Maari acquisition. As a result, we do not anticipate closing Maari in 2020, and have pushed it back to H1 2021. The seller remains fully supportive of the transaction and we have extended the long stop date to April 30, 2021, to provide additional time to close. Meanwhile, the Indonesia Lemang acquisition is progressing as planned, with Indonesian government approvals granted, as expected.

Progress continues with the Vietnam development, and Petrovietnam has now proposed gas sales profiles which meet customer needs. These are being assessed to confirm our intended production profiles for the Nam Du and U Minh fields. This is a key step to finalising a gas sales contract, and attaining government

sanction for the field development.

In the meantime, our financial position is robust as our business remained cash generative throughout the 2020 depressed oil price environment, and has contributed to a growing net cash position as we articulated back in March. We expect to be entirely debt-free by the end of Q1 2021.

Finally, we are also investigating a number of new M&A opportunities which are either on the market, or anticipated to be brought to the market within the next 12 months. These include a spectrum covering both high value but smaller tuck-in acquisitions and larger, more material opportunities, and which could be transformational for the Company. As ever, pursuing inorganic growth is subject to our strict acquisition criteria."

Financial update

As of November 30, 2020, Jadestone's net cash position was US\$82.6 million, versus US\$39.3 million at December 31, 2019, comprising cash and bank balances of US\$100.2 million, and gross debt outstanding of US\$17.6 million. Jadestone's remaining gross debt comprises the final phase of repayments of the Company's reserves-based loan ("RBL"), drawn to part fund the Montara acquisition in August 2018. The Company expects to complete the repayment of the RBL by the end of Q1 2021.

Ongoing cash generation remains strong, with the Company anticipating a lifting of around 190,000 bbls of Stag crude oil scheduled in December at a premium to Dated Brent of US\$9.20/bbl.

Through the Group's cost savings programme, Project Clover, Jadestone expects to achieve US\$33.0 million of cashflow savings in 2020 relative to plan. The Company estimates that around 25% of these cashflow savings reflect structural changes in Jadestone's cost base. In addition, a further US\$6 million of additional cost saving opportunities under Project Clover continue to be reviewed, but not yet implemented.

Operations update

Production operations at the Montara and Stag assets have continued safely throughout the year, with no significant deviations from the Company's environmental or safety targets. Jadestone is continuing to adhere to local requirements for COVID-19 precautions, including social distancing and mandatory pre-shift isolation periods.

Montara production operations have been adjusted to account for two producer wells, Skua 10 and Skua 11, being offline while workovers are planned. In both instances, these concerns were identified by Jadestone as part of a routine inspection campaign. Neither well poses an environmental or safety risk in their current shut-in status.

Jadestone intends to repair the wells either using a subsea remote operated vehicle or with the Valaris 107 jack-up drilling rig, expected to come on contract in Q2 2021. In the meantime, production volumes deferred from the Skua satellite field are being substantially offset by increased rates from the Montara and Swift/Swallow fields.

Jadestone is in the process of negotiating an enterprise bargaining agreement with three labour unions representing much of the Montara offshore workforce. While the Company cannot predict the timeline for completing the EBA, nor can it control the collective actions of union members, the Company continues to negotiate in good faith. Jadestone believes that it will be able to arrive at an agreement whereby workers are compensated equitably in line with their industry peers and appropriate to the economic circumstances.

Stag operations are progressing under the Company's new crude oil offtake arrangements, whereby oil is loaded directly to shuttle tankers, rather than via a floating storage and offloading vessel. Following an initial trial period, the Company has a strong preference for operating the Stag asset in this way, on an ongoing basis. The Company is realising cost savings, in line with its previous estimate of a 20% annual reduction.

As COVID-19 related restrictions are eased, the Company intends to accelerate its programme of well workovers at Stag, primarily to replace electric submersible pumps as they reach the end of their useful life. At present, three production wells are in need of workover, and these will be the subject of a workover campaign that has now begun and will be completed by year end.

Development

Jadestone continues positive engagement with Petrovietnam in respect of its Nam Du and U Minh gas fields development, offshore southern Vietnam. Discussions are progressing with regard to key components including the gas production profile. In the meantime, critical path commercial work streams are progressing, including preparations to issue the tender for a floating production storage and offloading vessel, in support of the envisaged development.

Acquisitions

Jadestone remains committed to its acquisition of a 69% operated working interest in the Maari asset (the "Maari Interest"), offshore New Zealand. The transaction has achieved several key milestones with regard to regulatory approvals, and the Company continues to focus on securing the consent of New Zealand's upstream industry regulator. Due to delays cascaded by the combined effects of COVID-19 related restrictions and New Zealand's recent general election, this approval process has been slower than envisaged, and the Company now believes the deal will close in H1 2021.

Both Jadestone and the seller remain highly supportive of this transaction, and have agreed to an extension of the long stop date for the transaction, to April 30, 2021. Despite the longer period to closing the deal, the effective date remains January 1, 2019, meaning Jadestone will ultimately receive all economic benefits of the Maari Interest from that date.

The Company continues to anticipate closing its acquisition of a 90% operated working interest in the Lemang asset, onshore Indonesia, in Q1 2021, if not earlier. The Company has received the necessary government approvals and has seconded Jadestone personnel into the seller's organisation to oversee ongoing operations.

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About Jadestone Energy

[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 and Vietnam.

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 also has a 100% operated working interest in two gas development blocks in Southwest Vietnam.

In addition, the Company has executed a sale and purchase agreement to acquire an operated 69% interest in the Maari Project, shallow water offshore New Zealand, and anticipates completing the transaction in H1 2021, upon receipt of customary approvals. The Company has also executed an agreement to acquire an operated 90% interest in the Lemang PSC, onshore Sumatra, Indonesia, and anticipates completing the transaction in Q1 2021 or earlier, upon receipt of customary approvals. The block includes the Akatara gas field.

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 in the Asia Pacific region.

[Jadestone Energy Inc.](#) is listed on the AIM market of the London Stock Exchange. 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 securities legislation. 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 the quantum and timing of expected savings under Project Clover, the Company's ability to deliver financial and operating performance within its guidance ranges for 2020, timing for completion of the Maari and Lemang acquisitions, characteristics of the Company's future financial situation including timing to become debt-free, timing of future Stag well workovers, and the timing to conclude a gas sales and purchase agreement for the Nam Du/U Minh gas development.

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. Whilst the Group believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Group's control or within the Group's control where, for example, the Group decides on a change of plan or strategy. Accordingly, no reliance may be placed on the figures contained in such forward- looking statements. 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 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.

Glossary

bbls barrels of oil

bbls/d barrels of oil per day

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