

Jadestone Energy Inc Announces Full Year Results and Final Dividend Announcement

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2020 Full Year Results and Final Dividend Announcement

SINGAPORE, April 22, 2021 - [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 audited consolidated financial statements (the "Financial Statements"), as at and for the financial year ended 31 December 2020, and announces its intended final 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:

"In 2020, the Jadestone business delivered strong operating cash flow, declared its maiden dividend, acquired a near-term gas development asset in Indonesia, and exited the year with double the net cash it had at the beginning of January.

"This was accomplished against an external environment that tested the resilience of our business model, and indeed for some of our peers in the industry, challenged their very existence. Through a mix of well-timed hedging gains, rapid adjustments to our spending plans and a hard interrogation of our cost base, we successfully protected our balance sheet while rephasing production growth to coincide with a higher price environment. At the same time, we maintained our steadfast commitment to our principles of environmental stewardship, social responsibility, and high governance standards, and have recorded no major incidents on any of these fronts.

"Our balance sheet has grown stronger still in 2021. We are generating higher unit cash flows as benchmark oil prices have recovered and pricing premiums remain strong. Also, as planned, we have now fully repaid our reserves based loan, being completely debt free as of the end of Q1 2021. We are continuing in our pursuit of constant improvement across the business, and continue to find opportunities for greater efficiency in addition to having locked in 25% of the cash flow savings we implemented in 2020 through Project Clover.

"Our commitment to ongoing shareholder returns remains intact too, and I am pleased to announce the final portion of our 2020 dividend today, as well as re-affirming our dividend policy for 2021 and beyond. We are constantly focussed on delivering value for shareholders and see both organic, and inorganic growth, as well as direct shareholder returns as key components.

"I would also like to take the opportunity to offer my thanks to the entire Jadestone team, and to their families for remaining strong and resilient through what has been a very challenging year. The performance we delivered in 2020 is a testament to the high calibre of our workforce, and with their unwavering support for the business, we are well positioned to continue delivering value for shareholders in 2021 and beyond."

Paul Blakeley

EXECUTIVE DIRECTOR,

PRESIDENT AND CHIEF EXECUTIVE OFFICER

2020 SUMMARY

- Full year production of 11,438 bbls/d, 15% down on 2019 from 13,531 bbls/d, due to natural field production decline and an intentional deferral of well workovers and well interventions during a period of prolonged lower oil prices and heightened COVID-19 restrictions on moving people and equipment;
- Good performance against Target Zero, with no reportable environmental incidents or injuries. Received one regulatory enforcement notice related to internal processes, which has now been resolved;
- Reduced overall greenhouse gas emissions by 15%, led by a 40% reduction in flaring;
- Net revenue of US\$217.9 million in 2020, down 33% from US\$325.4 million in the prior year, due to the decline in oil prices associated with the impact of COVID-19 and a slightly lower liftings, partly offset by higher hedging income;
- Average benchmark Dated Brent prices 35% lower at US\$41.84/bbl in 2020, compared to US\$64.21/bbl in 2019. Jadestone's average realised price¹ in 2020 was US\$44.79/bbl, down 35% from US\$69.07/bbl in 2019, as the Group continued to realise strong premiums on lifted cargos in 2020, at US\$4.17/bbl (2019: US\$4.97/bbl). Inclusive of hedges, the average realised price was US\$52.32/bbl (2019: US\$72.39/bbl), compared to Dated Brent of US\$41.84/bbl (2019: US\$64.21/bbl);
- Total crude oil sold for the year was 4,165,612 bbls, 7% down on 2019 of 4,496,164 bbls, from a total of 10 liftings (2019: 10), largely due to lower production;
- Costs of production in 2020 were US\$105.3 million, a decrease of 12% from 2019. This equates to unit operating costs² of US\$23.10/bbl, broadly in line with 2019 of US\$22.85/bbl, despite the lower production in 2020, largely as a result of the various cash flow savings initiatives delivered under Project Clover;
- An impairment loss of US\$50.5 million (2019: nil) due to the relinquishment of Philippines service contract 56 ("SC56"), announced in November 2020, reflecting the capitalised intangible exploration value of US\$50.5 million, most of which relates to spending by the Group's previous management team;
- Net post tax loss of US\$60.2 million, compared to net profit after tax of US\$40.5 million in 2019, reflecting the impairment of SC56, as well as the 35% drop in realised prices and lower production levels;
- Strong operating cashflow generation, despite the extraordinary conditions during the year, with positive operating cash flows of US\$86.9 million, before movements in working capital, down 51% compared to 2019 of US\$176.9 million;
- Capital expenditure of US\$24.1 million down 69% compared to the prior year. Management deferred approximately US\$160.0 million of spending intended for organic growth projects amidst the COVID-19 pandemic;
- Project Clover cashflow savings in 2020, in line with plan, of US\$33.0 million, with approximately 25% of these savings reflecting structural changes in Jadestone's future cost base;
- Completion of the acquisition of a 90% operated interest in the Lemang PSC in December 2020, for a cash consideration of US\$12.1 million, including closing statement adjustments;
- Gross cash and net cash as at 31 December 2020 of US\$89.4 million and US\$82.1 million (2019: US\$99.4 million and US\$39.3 million), respectively, a more than doubling of the net cash balance year-on-year;
- Following the final scheduled repayment on the Group's reserved based loan on 31 March 2021 of US\$7.4 million, Jadestone's capital structure is now entirely debt free;
- Maari acquisition long stop date revised to 30 June 2021, with both the seller and Jadestone continuing to work together to try to close the transaction as soon as possible;
- An intention to recommend a final dividend of US\$1.08/share (US\$0.0108/share), a distribution of US\$5.0 million, following the completion of the internal reorganisation and the planned capital reduction at Jadestone Energy plc, and following approval of that dividend by shareholders at the planned annual general meeting, to be paid in the latter part of June. This results in total dividends in respect of 2020, Jadestone's maiden year of dividends, of US\$7.5 million;
- Adoption of the Quoted Companies Alliance corporate governance code as part of the Company's ongoing pivot toward practices more typical of a UK company; and
- Jadestone's internal reorganisation is expected to become effective on 23 April 2021, resulting in a new UK-based parent company for the Group, Jadestone Energy plc, unlocking significant further cash flow savings for the Company and for shareholders.

¹ Realised oil price represents the actual selling price, before any impact from hedging.

² Unit operating costs per barrel before workovers and movement in inventories, but including net lease payments and certain other adjustments (see non-IFRS measures below).

2021 OUTLOOK

- Average crude oil production in 2021 of 11,500-13,500 bbls/d, assuming the successful drilling of the H6 infill well at Montara, two Skua well workovers, and completion of the Group's acquisition of a 69% operated interest in Maari at the end of H1 2021;
- Maari's contribution to the full year production guidance range is assumed to be 1,500 bbls/d on an annualised basis (i.e. 3,000 bbls/d average production in H2 2021), and with the completion of Maari's MR6 well workover in early May, there is scope for additional production upside. The effective date of the acquisition is 1 January 2019. Conditional on completion of the acquisition, the entire economic benefit from Maari barrels produced from the effective date up to the closing date will accrue to the Group;
- Average unit production costs of US\$25.50-29.50/bbl, a slight increase on 2020, reflecting approximately US\$1.00/bbl of rephased costs from 2020 resulting from Project Clover, a stronger Australian dollar compared to 2020, and additional one-off repairs and maintenance activity in Australia;
- Capital expenditures of US\$85.0-95.0 million, including drilling the H6 infill well and the two Skua well workovers;
- Commitment to continue to pay cash dividends, in keeping with the Group's dividend policy to maintain and grow dividends in line with underlying cashflow generation;
- Further inorganic growth opportunities in the Asia Pacific region under active evaluation; and
- Ongoing adherence to our principles on environmental, social, and governance responsibilities, including enhanced sustainability reporting, maintaining our commitment to Target Zero with regards to deviations from safe operating parameters, and adopted the Quoted Companies Alliance corporate governance code.

Enquiries

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Conference call and webcast

The management team will host an investor and analyst conference call at 4:00 p.m. (Singapore) and 9:00 a.m. (London) today, 22 April 2021, including a question and answer session.

The live webcast of the presentation will be available at the below webcast link. Dial-in details are provided below. Please register approximately 15 minutes prior to the start of the call.

The results for the financial year ended 31 December 2020 will be available on the Company's website at: www.jadestone-energy.com/investor-relations/

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

http://www.rns-pdf.londonstockexchange.com/rns/2785W_1-2021-4-22.pdf

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