

# Jadestone Energy Inc. Announces Acquisition - SapuraOMV Peninsular Malaysia Assets

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SINGAPORE, April 30, 2021 - [Jadestone Energy Plc](#) (AIM:JSE) (the "Company" or "Jadestone" or including subsidiaries, the "Group"), 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 (the "Agreement") with SapuraOMV Upstream Sdn. Bhd. ("SapuraOMV", or the "Seller"), to acquire SapuraOMV's interest in Peninsular Malaysia (the "Assets"), for a total initial headline cash consideration of US\$9 million, to be funded from the Company's cash resources, and certain subsequent contingent payments (the "Acquisition").

## Highlights

- Establishes a new operating presence for Jadestone in Malaysia;
- Adds immediate cash flow from around 6,000 barrels oil equivalent per day of low operating cost production, on a net working interest basis, of which over 90% is oil;
- Increases the Company's 2P reserves by 34%, adding 12.5 million barrels oil equivalent of net working interest 2P reserves, based on the Company's best estimate 2P reserves production profile;
- Provides upside potential through reservoir optimisation opportunities, additional infill wells and cost efficiencies, and is thus an excellent fit with Jadestone's capabilities and field operating philosophy;
- Supports Jadestone's sustainability principles by creating extended employment for local nationals and providing locally-sourced energy without expanding the infrastructure footprint; and
- As per the Production Sharing Contracts (the "PSCs"), the Company is to undertake the abandonment of facilities and wells at the end of the contract period or production, whichever is earlier. The abandonment of facilities is funded through a cess fund arrangement, accumulated during the production phase, while the abandonment of the wells will be cost recovered via petroleum operations.

## Overview of the Assets

The Company will acquire interests in four licences, two of which will be operated by the Company. These include a 70% operated interest in the PM329 PSC, containing the East Piatus field, and a 60% operated interest in the PM323 PSC, which contains the East Belumut, West Belumut and Chermingat fields. Jadestone estimates accessing 12.5 million barrels oil equivalent of net working interest 2P reserves based on the Company's best estimate 2P reserves profile, which includes further development activities. All fields are in production, and have been developed by way of fixed wellhead and central processing platforms, which deliver oil to the onshore Terengganu Crude Oil Terminal ("TCOT"). Adding the Assets to Jadestone's portfolio is expected to be accretive to Group average cash costs, based on Jadestone's estimate of the Assets' current costs.

In addition, the Assets include a 50% non-operated working interest in the PM318 and AAKBNLP PSCs, which are operated by PETRONAS Carigali Sdn. Bhd. ("PETRONAS Carigali").

## Upside Potential

Jadestone envisages scope to add incremental value in the near term through both reservoir optimisation and production enhancement activities across both operated licences. Gas re-injection is expected to be a key part of reservoir optimisation, while production enhancement will initially be focused on restoring idle wells to production.

There is also significant potential for further incremental development activities on the assets. The focus will initially be on infill drilling in the East Belumut field, where Jadestone sees the potential for several infill campaigns over the next few years. East Belumut has a medium heavy oil, which is similar to the Stag field,

and as we have experienced, the main driver to increase recovery factors is through tightening of the well pattern. There are also some targeted opportunities in East Piatu and West Belumut, which will be evaluated in parallel with the East Belumut potential.

In all instances, Jadestone will assess such investment opportunities based on rigorous economic and technical evaluation, and within the context of all other investment opportunities in its portfolio.

Jadestone is also pleased to have an opportunity to develop a working partnership with PETRONAS Carigali in respect of the non-operated assets, PM318 and the AAKBNLP PSCs, and to support the operator's ongoing pursuit of value through the blocks' various producing fields. Jadestone recognises PETRONAS Carigali's recent success on production enhancement and is looking forward to continuing this effort, as well as evaluating the options for increasing recovery factors in these reservoirs.

Paul Blakeley, President and CEO commented:

"I am delighted to add these Peninsular Malaysia assets to the Jadestone portfolio. We have always viewed Malaysia as a highly prospective jurisdiction for upstream investment, and have been looking for the right entry opportunity. We see this Acquisition as a high margin tuck-in, which meets our investment criteria, and sets the stage for us to establish operating credentials in-country while we continue pursuing more materiality and growth through our acquisition and development led strategy.

"We are very pleased to work with SapuraOMV on this transaction. Both companies are focusing their portfolios on core strengths - SapuraOMV on discovered gas resources, and Jadestone on near-term cash generating producing assets, such as the East Piatu, West Belumut and East Belumut fields. They are a perfect fit with our strategy, and further bolster our ability to generate quick cycle returns for shareholders.

"By our estimate, the Acquisition will add 12.5 million barrels oil equivalent of 2P reserves, increasing total Group reserves by over 30%. Production will increase by 50% over the mid point of our 2021 guidance, and with the immediate add of cashflow from a high-value stream of 6,000 barrels oil equivalent per day, we are forecasting rapid payback, and therefore believe the Acquisition will be value accretive to the business within the year.

"We are excited by the potential for follow-on investment as well, and see significant running room, particularly in the East Belumut field, and will explore the option to conduct further infill drilling in the near term. As always, the potential to add value through follow-on investment is a key part of our acquisition criteria, and features alongside our usual priorities to drive cost efficiency wherever possible, and strive for continuous improvement in how we operate."

#### Overview of the Acquisition

The transaction is structured as a purchase of all share capital in the Seller's indirect subsidiary company, SapuraOMV Upstream (PM) Inc. For the year ended 31 December 2020, SapuraOMV Upstream (PM) Inc reported profits before taxation of \$12.0 million. The Acquisition has a total initial headline cash consideration of US\$9 million, based on an economic effective date of 1 January 2021, meaning the Company will ultimately receive all economic benefits from the Assets accruing from that date. Further consideration of up to US\$6 million is payable to the Seller upon certain upside scenarios, which are tied to potential full year oil price outcomes in 2021 and 2022.

The Acquisition will be funded from the Company's on-hand cash resources, and is not expected to compromise the Company's ability to fund the remainder of its planned capital spending in 2021, dividends, or closing of other acquisitions, namely the New Zealand Maari acquisition.

All offshore and supply base personnel engaged on the Assets are expected to continue in those positions as employees of Jadestone and the Company intends to expand its onshore team in Malaysia, in support of the Assets, with a primary focus on building a workforce of local Malaysian nationals.

Completion of the Acquisition is subject to customary closing conditions, including waiver of PETRONAS

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Carigali's pre-emption rights and PETRONAS approval. The Company anticipates closing the transaction in 2021.

## Malaysia

Malaysia is a prolific hydrocarbon jurisdiction in the Asia Pacific region, and the Malay Basin is a familiar province for much of the Jadestone team through both its ongoing development planning for the Nam Du and U Minh gas fields in the Malay/Tho Chu basin of Vietnam, and through past involvement in legacy assets in this area. Jadestone already has a significant presence in Malaysia, being home to the Company's centre of technical excellence since inception, and home to key corporate functions supporting the business.

Malaysia offers stable fiscal terms as part of its production sharing contract fiscal regime, and through its upstream regulator, PETRONAS, provides clear guidance and direction regarding upstream activities.

## Conference call

The management team will host an investor and analyst conference call at 09:00 (UK) / 16:00 (Singapore) 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/](http://www.jadestone-energy.com/investor-relations/presentations-communication/).

Webcast link: [https://produceredition.webcasts.com/starthere.jsp?ei=1458362&tp\\_key=399ef78441](https://produceredition.webcasts.com/starthere.jsp?ei=1458362&tp_key=399ef78441)

Event title: Jadestone Energy Management Briefing

Start time: 09:00 (UK) / 16:00 (Singapore)

Date: 30 April 2021

Conference ID: 54669065

Dial-in number details:

Country	Dial-In Numbers
Australia	1800076068
Canada (Toronto)	416-764-8688
Canada (Toll free)	888-390-0546
France	0800916834
Germany	08007240293
Germany (Mobile)	08007240293
Hong Kong	800962712
Indonesia	0078030208221

Ireland	1800939111
Ireland (Mobile)	1800939111
Japan	006633812569
Malaysia	1800817426
New Zealand	0800453421
Singapore	8001013217
Switzerland	0800312635
Switzerland (Mobile)	0800312635
United Kingdom	08006522435
United States (Toll free)	888-390-0546

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About Jadestone Energy	

[Jadestone Energy Plc](#) 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, Indonesia, Vietnam and the Philippines.

The Company has a 100% operated working interest in the Stag oilfield and in 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, and an operated 90% interest in the Lemang PSC, onshore Sumatra, Indonesia, which includes the Akatara gas field.

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.

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 Plc](#) 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](http://www.jadestone-energy.com).

#### Cautionary statements

This announcement may contain certain forward-looking statements with respect to the Company's expectations and plans, strategy, management's objectives, future performance, production, reserves, costs, revenues and other trend information. These statements are made by the Company in good faith based on the information available at the time of this announcement, but such statements should be treated with caution due to inherent risks and uncertainties. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this announcement should be construed as a profit forecast. Past share performance cannot be relied upon as a guide to future performance. The Company does not assume any obligation to publicly update the information, except as may be required pursuant to applicable laws.

The oil, natural gas and natural gas liquids information in this announcement has been prepared in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook").

A barrel of oil equivalent ("boe") is determined by converting a volume of natural gas to barrels using the ratio of six thousand cubic feet ("mcf") to one barrel. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilising a conversion on a 6:1 basis may be misleading as an indication of value.

The technical information contained in this announcement has been prepared in accordance with the June 2018 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 Plc](#), Group Subsurface Manager with a Masters degree in Petroleum Engineering, and who is a member of the Society of Petroleum Engineers and has been involved in the energy industry for more than 19 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 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

## Glossary

2P reserves The sum of proved and probable reserves. Denotes the best estimate scenario of reserves

bbls Barrels of oil

boe Barrels of oil equivalent

mm bbls Million barrels of oil

mm boe Million barrels of oil equivalent

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