Jadestone Energy
Results for the Period Ending September 30, 2018

November 28, 2018—Singapore: Jadestone Energy Inc. (AIM:JSE, TSXV:JSE) ("Jadestone" or the "Company"), an independent oil and gas production company focused on the Asia Pacific region, reported today its condensed consolidated interim unaudited financial results for the three and nine months ended September 30, 2018.

Third quarter highlights

Operational

- *Completed a transformational inorganic acquisition delivering material cashflow, reserves and production*. The Montara Assets acquisition was completed on September 28, 2018 from certain subsidiaries of PTT Exploration and Production pcl ("PTTEP") adding 28.2 mmbbls of 2P reserves, as of January 2018, for a net cash consideration of US$133.1mm, after receipt from PTTEP of US$75.5mm of cash at closing, and other customary working capital adjustments;

- *Successfully completed an over-subscribed placing and admitted for trading on the AIM Market of the London Stock Exchange.* The Company issued 239.7mm new common shares on August 8, 2018, raising gross proceeds of approximately £83.9mm;

- *Secured access to senior debt financing at LIBOR + 3%*. Jadestone entered into a reserve-based loan ("RBL") agreement on August 2, 2018 borrowing US$120.0mm and, at the same time, simplified its balance sheet by redeeming the 2016 convertible bond facility for US$17.4mm;

- *Hedged half of Montara's production for two years at an average price of $72/bbl.* The Company entered into a capped swap covering the first 24 months of Montara's planned 2PD production, at swap prices significantly above current spot oil prices (US$78.26/bbl for Q4 2018, US$71.72/bbl for 2019, and US$68.45/bbl for the first three quarters of 2020). Additionally, approximately two thirds of the swapped barrels in 2019 and 2020 have upside price participation via purchased calls with strike prices set at US$80/bbl for 2019 and US$85/bbl for 2020;

- *Achieved 100% facility uptime at Stag*. Production operations at Stag continued safely throughout the third quarter, reaching another milestone of 2,297 days without a lost time incident. Under Jadestone, the asset has consistently operated within the parameters of its safety case, as agreed with NOPSEMA the Australian offshore regulator, and with zero enforcement notices;

- *Increased Stag production by over 9%*. Average production from Stag during Q3 was 3,080 bbls/d (Q2 2018: 2,814 bbls/d), mainly due to higher uptime;

Financial

- *Locked in sales at higher oil prices achieving a circa 80% jump in revenue*. During the third quarter, there were two Stag liftings, totalling 422,267 bbls, generating sales revenue of US$32.7mm in the third quarter, compared to US$18.3mm in the June quarter from one lifting of 200,890 bbls;

- *Strong cash position of US$65.3mm inclusive of RBL debt service reserve, and with a maiden net profit before tax during the quarter of US$3.2mm.* The previous quarter saw a net loss before tax of US$3.9mm and a net loss of US$3.6mm on Q3 2017;

- *Continued cost vigilance giving rise to further reductions in per unit operating costs.* Per unit production costs at Stag fell a further 9% to US$30.13/bbl before workovers and repair costs;

- *Reported a record US$7mm of quarterly cash from operations.* Jadestone reports record cash from operations arising from higher uptime, higher production, greater revenue, higher oil prices and lower costs.

Outlook

- As of November 1, 2018, Montara production was halted by the operator to undertake an inspection and maintenance shutdown, with a focus on clearing a backlog of inspection tasks. Work is progressing smoothly, and the Company anticipates the operator will restart production operations in early December;
- Infill drilling programme to commence in 2019. Based on the operators' latest rig availability schedule infill drilling at Stag will commence in Q1 2019, with infill drilling at Montara to begin following completion of regulatory approvals, which are anticipated in H1 2019;
- Continue to progress the FEED, FDP technical studies, and negotiation of the pertinent commercial agreements associated with the Nam Du/U Minh gas developments in Vietnam, targeting FID in H2 2019.

Paul Blakeley, President and CEO, commented:

"This was a transformational quarter for Jadestone, and one that represents great progress in adding significant value for our shareholders through deployment of our stated strategy. Our progress in Q3 has delivered a resilient business, with an even stronger balance sheet, low debt, and a steady stream of cash generation, backed by an attractive level of locked-in hedges.

"I am delighted to have completed our acquisition of the Montara Assets just before quarter end, which has resulted in a three-fold increase in the size of our business. Our ability to layer in high quality inorganic opportunities is a key strand in the Jadestone strategy, and Montara is testament to the deep opportunity set we see in the Asia Pacific region.

"The financing arrangements we completed during the quarter, including an oversubscribed equity placement, AIM admission, and senior secured debt facility, reflect market recognition of the high quality portfolio we are building. In just over two years, we have transformed the Company into a high value, cash generative business, with strong support from the capital markets, including both debt and equity investors.

"Production at Stag continued safely throughout the quarter and, with 100% uptime, is becoming a very steady and reliable cash generating asset. Stag's performance underscores our ability to efficiently operate second-phase offshore production assets, while containing costs and steadfastly working within the parameters of the safety case, as agreed with the Australian regulator NOPSEMA.

"We are now starting to exert similar early influence on the Montara Assets during the transitional phase while the seller PTTEP remains operator. Having seconded a number of key operational leaders from Jadestone into the current operation, we are now clearing a maintenance and inspection backlog at Montara which will mean that when we assume operatorship next year, we will inherit a high reliability facility that we can operate with confidence, with improved uptime performance and without a planned major maintenance shutdown until at least the second half of 2020."

Operations update

Stag Oilfield (shallow water, offshore Australia)

The Company had two crude oil liftings during the third quarter, for a total sales production of 422,267 bbls, which is more than double the sales volume from a single lifting in the June 2018 quarter. This has resulted in substantially higher revenue during the quarter, and although it has also resulted in an increase in production costs, on a per unit basis, Stag opex has fallen to US$30.13/bbl from US$33.09 in the June quarter.

Stag reported 100% uptime during the quarter, for the first time since Jadestone acquired the asset in Q4 2016. The Company is continuing to pursue opportunities to enhance value at Stag, including drilling its first infill well. The well location and drilling slot have been selected, and well design is in advanced planning stages. Based on the latest rig schedule information, the well is now expected to be drilled in the first half of 2019.

Montara (shallow water, offshore Australia)

As of the end of the quarter, Jadestone had owned the Montara asset for just three days. Production during that period was 7,585 bbls/d.

Prior to completing the Montara Assets acquisition on September 28, 2018, Jadestone had begun influencing the outcome of key issues, including reinstatement of the asset's FPSO class.

PTTEP continues to operate the field under an operator and transitional services agreement, until regulatory approvals and transfers are finalised. The Company expects this process to be complete in the first half of 2019, at which time Jadestone will become the operator. However, with senior secondees now in place, the transition to a Jadestone operating business is expected to be as seamless as possible.

As of November 1, 2018, Montara production was halted to undertake an inspection and maintenance shutdown, with a focus on clearing a backlog of inspection tasks. Work is progressing smoothly, and the Company anticipates the operator will restart production operations in early December. The decision to advance a 2019 shutdown to now, was made as a result of understanding the maintenance management backlog and a need to get Montara in a state of reliable and consistent operational delivery. The long-term value of the Montara Assets will likely be improved by the current maintenance and inspection work.

Nam Du/U Minh (shallow water, offshore Vietnam)
The Company has expanded the Nam Du/U Minh project management team and is progressing the FEED, FDP technical studies, and negotiation of the pertinent commercial agreements, including the life-of-field gas sales and purchase agreement. Jadestone anticipates that this work will culminate in a final investment decision in H2 2019.

Financial overview

Jadestone generated adjusted EBITDAX of US$11.9mm for the quarter ended September 30, 2018, compared to an adjusted EBITDAX of US$0.3mm in the second quarter, and a negative EBITDAX of US$2.9 mm in the same period a year earlier.

On an unadjusted basis, the Company reported its maiden net profit before tax of US$3.2mm, compared to a net loss before tax of US$3.9mm in the prior quarter, and a net loss of US$3.6mm in the third quarter of last year.

Both unadjusted earnings and adjusted EBITDAX were increased due to higher average realised prices, higher lifted volumes during the quarter, and lower per unit production costs.

Investing activities for the quarter amounted to a cash outflow of US$134.5mm, which is primarily due to the Montara Asset acquisition. This was more than offset by the US$185.8mm of net cash from financing activities arising from the US$110mm new equity issued in conjunction with the AIM admission, and the new US$120.0mm reserve based loan.

At the end of the quarter, the Company had US$45.7mm cash, plus a further US$28.6mm of debt service reserve cash and other restricted cash.

Selected financial information

The following table provides selected financial information of the Company, which was derived from, and should be read in conjunction with, the consolidated unaudited financial statements for the period ended September 30, 2018.

Quarterly comparison	**Sept 2018 Qtr**	**Sept 2017 Qtr**	**Change (%)**
Production[1], mboe	306.1	394.3	(22.4%)
Sales, mboe	422.3	406.8	3.8%
Avg realised liquids price, US$/bbl	77.07	52.28	42.0%
Sales revenue, US$mm	32.7	21.4	52.8%
Capital expenditure[2], US$mm	1.7	1.2	33.6%
Quarterly comparison	**Sept 2018 Qtr**	**June 2018 Qtr**	**Change (%)**
Production[1], mboe	306.1	325.9	(6.1%)
Sales, mboe	422.3	270.7	56.0%
Avg realised liquids price, US$/bbl	77.07	71.46	7.9%
Sales revenue, US$mm	32.7	18.3	78.2%
Capital expenditure[2], US$mm	1.7	0.3	523.8%
Year to date comparison	**9M 2018**	**9M 2017**	**Change (%)**
Production[1], mboe	1,001.1	1,023.8	(2.2%)
Sales, mboe	1,026.0	1,077.1	(4.8%)
Avg realised liquids price, US$/bbl	72.63	53.92	34.7%
Sales revenue, US$mm	72.0	56.7	26.9%

Capital expenditure[2], US$mm	2.4	4.6	(48.0%)

[1] Current period includes three days of production from Montara at 7,585 bbls/d
[2] Payment for oil and gas property, plant and equipment and intangible exploration assets. Excludes acquisition related capital expenditure

Conference call and webcast

The management team will host an investor and analyst conference call at 10:00 p.m. (Singapore), 2:00 p.m. (London), and 9:00 a.m. (Toronto) on Wednesday, November 28, 2018, 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.

Webcast link: https://event.on24.com/wcc/r/1876344/74332A167F283F2557C34851A87C997E
Event conference title: Jadestone Energy Management Briefing
Start time: 10:00 p.m. (Singapore), 2:00 p.m. (London), 9:00 a.m. (Toronto)
Date: Wednesday, November 28, 2018
Confirmation ID: 07071726

Participant ITFS Dial-In Numbers:	
Australia	1800 076 068
Canada	(+1) 888 390 0605
France	0800 916 834
Hong Kong	800 962 712
Indonesia	001803 020 8221
Japan	0066 3381 2569
Malaysia	1800 817 426
New Zealand	0800 453 421
Singapore	800 101 3217
United Kingdom	0800 652 2435
United States	(+1) 888 390 0605
Other International (Canada toll)	(+1) 416 764 8609

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

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For further information, please contact:

Jadestone Energy Inc. +65 6324 0359
Paul Blakeley, President and CEO
Dan Young, CFO

Investor Relations Enquiries +1 403 975 6752
ir@jadestone-energy.com

Nomad and Joint Broker
Stifel Nicolaus Europe Limited: +44 (0) 20 7710 7600
Callum Stewart
Nicholas Rhodes
Ashton Clanfield

Joint Broker +44 (0) 20 7236 1010
BMO Capital Markets Limited:
Thomas Rider
Jeremy Low
Thomas Hughes

Public Relations Advisor
Camarco: + 44 (0) 203 757 4986
Georgia Edmonds jadestone@camarco.co.uk

Billy Clegg
James Crothers

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 Stag, offshore Australia, and has completed the acquisition of a 100% working interest in the Montara project, offshore Australia, effective January 1, 2018, with operatorship to be transferred upon regulator approval. Both the Stag and Montara assets include oil producing fields, with further development and exploration potential. The Company has a 100% operated working interest (subject to registration of PVEP's withdrawal) 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 http://www.jadestone-energy.com.

Cautionary statements
A barrel of oil equivalent ("boe") is determined by converting a volume of natural gas to barrels using the ratios 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.

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 the restart of Montara production, transfer of Montara operatorship, timing of the Stag infill well, and final investment decision for Nam Du/U Minh.

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 SPE/WPC/AAPG/SPEE Petroleum Resources Management System.

Henning Hoeyland of Jadestone Energy Inc a Subsurface Manager with a Masters degree in Petroleum Engineering from Stavanger University, who has been involved in the energy industry for more than 17 years, has read and approved the exploration and appraisal disclosure in this regulatory announcement.

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.

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
bbls/d	Barrels per day
boe	Barrels of oil equivalent
boe/d	Barrels of oil equivalent per day
EBITDAX	Earnings before interest, tax, depreciation, amortization and exploration expenses
FEED	Front-end engineering and design
FPSO	Floating production, storage and offloading vessel
mmbtu	Million British thermal units
NOPSEMA	National Offshore Petroleum Safety and Environmental Management Authority
PVEP	PetroVietnam Exploration Production Corporation

Jadestone Energy Inc.

CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME for the nine months ended September 30, 2018

	Notes	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
		US$000	US$000	US$000	US$000
Gross revenue	3	**32,668**	**21,383**	**72,001**	**56,727**
Cash flow hedging		(3,305)	-	(4,611)	-
Royalties		-	(2,846)	(3,549)	(6,159)
Net revenue		**29,363**	**18,537**	**63,841**	**50,568**
Production costs	4	(16,870)	(12,373)	(40,337)	(52,417)
Staff costs		(2,812)	(2,926)	(9,617)	(8,318)
Depletion, depreciation and amortisation	5	(2,780)	(3,339)	(7,844)	(8,239)
Other expense	6	(3,008)	(2,155)	(7,098)	(6,187)
Impairment of intangible exploration assets	7	-	-	(11,902)	(7,668)
Other income		180	(47)	291	217
Purchase discount		-	-	-	789
Profit/(Loss) before interest & tax		**4,073**	**(2,303)**	**(12,666)**	**(31,254)**
Finance costs	8	(841)	(1,340)	(3,864)	(2,046)
Profit/(Loss) before tax		**3,232**	**(3,643)**	**(16,530)**	**(33,300)**
Taxation	9	(6,187)	(287)	(7,929)	(1,893)
Loss for the period		**(2,955)**	**(3,930)**	**(24,459)**	**(35,193)**
Loss per ordinary share: Basic and diluted (US$)		(0.01)	(0.02)	(0.09)	(0.16)
Other comprehensive income, net of tax					
Items to be reclassified to profit or loss in subsequent periods					
Profit/(Loss) on derivatives designated as cash flow hedges		2,020	-	(2,896)	-
Tax effect		(606)	-	869	-
Total comprehensive profit/(loss) attributable to owners of the Company		1,414	-	(2,028)	-
		(1,541)	**(3,930)**	**(26,487)**	**(35,193)**

Jadestone Energy Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION at September 30, 2018

	Notes	September 30, 2018 US$000	December 31, 2017 US$000
Assets			
Non-current assets			
Intangible exploration assets	10	94,406	105,673
Oil and gas properties	12	448,040	62,238
Deferred tax asset	15	21,728	23,821
Property and equipment	13	1,489	648
Restricted cash	14	24,333	10,729
		589,996	203,109
Current assets			
Inventories	16	44,975	9,610
Trade and other receivables	17	37,774	4,719
Restricted cash	14	4,301	-
Cash and cash equivalents	14	45,648	10,450
		132,698	24,779
Total assets		**722,693**	**227,888**
Equity & liabilities			
Equity			
Share capital	18	466,562	364,466
Share-based payment and warrants	19	22,323	21,855
Hedging reserve		(2,028)	-
Retained losses		(302,582)	(278,123)
		184,275	108,198
Non-current liabilities			
Provision for asset restoration obligations	20	280,099	84,728
Other payables	21	22,391	7,259
Deferred tax liability	22	84,788	200
Secured convertible bonds	25	-	12,770
Derivative financial instruments	25	-	3,067
Borrowings	24	60,932	-
		448,210	108,024
Current liabilities			
Borrowings	24	56,010	829
Trade & other payables, accruals and provisions	26	29,310	10,837
Other financial liabilities	23	4,888	-
		90,208	11,666
Total liabilities		538,418	119,690
Total equity & liabilities		**722,693**	**227,888**

The accompanying notes are an integral part of the consolidated financial statements.

Jadestone Energy Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF EQUITY for the nine months ended September 30, 2018

	Share Capital US$000	Reserves US$000	Retained Earnings US$000	Total US$000
At January 1, 2017	364,466	21,357	(243,708)	142,115
Profit/(Loss) for the period	-	-	(35,193)	(35,193)
Movement in reserves	-	354	-	354
Shares issued	-	-	-	-
At September 30, 2017	364,466	21,711	(278,901)	107,276
At January 1, 2018	364,466	21,855	(278,123)	108,198
Profit/(Loss) for the period	-	-	(24,459)	(24,459)
Movement in reserves	-	(1,560)	-	(1,560)
Shares issued	102,096	-	-	102,096
At September 30, 2018	466,562	20,295	(302,582)	184,275

The accompanying notes are an integral part of the consolidated financial statements.

Jadestone Energy Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS for the nine months ended September 30, 2018

	Notes	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
		US$000	US$000	US$000	US$000
Cash flows from operating activities					
Loss for the period		(2,955)	(3,930)	(24,459)	(35,193)
- Finance costs		841	1,227	3,864	2,046
- Income tax expense		6,187	287	7,929	1,893
- Interest received		(224)	(25)	(291)	(28)
Adjustments for non-cash income and expenses:					
- Depletion, depreciation		2,780	3,339	7,844	8,239
- Impairment losses		-	-	11,902	6,191
- Inventories written down		-	-	-	684
- Share based payments		195	143	468	354
- Prior year adjustments		-	-	-	(789)
Cash flow included in investing activities:					
- (Gains) on sale of equipment		-	-	-	(400)
- Effect of translation on foreign currency		-	(136)	-	(364)
- (Gains)/Losses on unrealised foreign exchange		189	138	43	(828)
Cash generated from/(used in) operations		7,013	1,043	7,300	(18,196)
Changes in working capital:					
- Decrease/(Increase) in trade and other receivables		(23,323)	5,599	(22,142)	2,451
- Decrease/(Increase) in inventories		(12,079)	1,572	(16,733)	6,312
- Increase/(Decrease) in trade and other payables		16,165	(6,457)	17,919	(4,147)
Net cash generated from/(used in) operations		(12,224)	1,757	(13,656)	(13,580)
Income tax paid		0	(709)	(1,050)	(995)
Net cash from/(used in) operating activities		**(12,224)**	**1,048**	**(14,706)**	**(14,575)**
Cash flows from investing activities					
Purchases of property, plant & equipment		(112)	(12)	(126)	(493)
Purchases of oil and gas properties		(134,356)	(826)	(134,745)	(3,346)
Purchases of intangible assets		(277)	(399)	(635)	(2,446)
Interest received		224	25	291	28
Proceeds from disposal of plant and equipment		-	-	-	400
Net cash (used in) investing activities		**(134,521)**	**(1,212)**	**(135,215)**	**(5,857)**
Cash flows from financing activities					
Proceeds from issuance of shares		107,888	-	107,888	-
Payments of share listing		(5,792)	-	(5,792)	-
Debt service reserve for bank loan		(18,634)	-	(18,634)	-
Proceeds from loans		120,000	-	120,000	-
Repayment of borrowings		(184)	(223)	(829)	(670)
Proceeds from bonds		-	4,850	-	14,550
Repayment of bonds		(17,450)	-	(17,450)	-
Payments for bond facility standby fees		-	-	(64)	(115)
Net cash from financing activities		185,828	4,627	185,119	13,765
Net increase/(decrease) in cash and cash equivalents		39,083	4,463	35,198	(6,667)
Cash and cash equivalents at beginning of period		6,565	15,113	10,450	26,243
Cash and cash equivalents at end of year		**45,648**	**19,576**	**45,648**	**19,576**

The accompanying notes are an integral part of the consolidated financial statements.

1. CORPORATE INFORMATION

Jadestone Energy Inc. (the "Company" or "Jadestone") is an oil and gas company incorporated in Canada.

The Company's common shares are listed on the TSX Ventures Exchange ("TSX-V") and on August 8, 2018 the company listed on the Alternative Investment Market ("AIM"), a sub-market of the London Stock Exchange. Pursuant to the listing on AIM, the Company issued 239,711,474 new ordinary common shares raising gross proceeds of approximately £83.9 million at a price of 35 pence per share. The Company trades on both markets under the symbol "JSE".

The financial statements are expressed in United States Dollars ("US$").

The Company and its subsidiaries (the "Group") are engaged in production, development, and exploration and appraisal activities in Australia, Indonesia, Vietnam and the Philippines. The Company's current producing assets are in the Carnarvon and Vulcan basins, offshore Western Australia.

The Company's head office is located at 3 Anson Road, #13-01 Springleaf Tower, Singapore 079909. The registered office of the Company is 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5, Canada.

On September 28, 2018, the Company acquired the Montara Assets, located in shallow water offshore Australia, from PTTEP Australasia. Following completion, the Company obtained control and 100% beneficial ownership. PTTEP Australia was contracted to continue to operate the field under an operator and transitional service agreement until regulatory approvals are finalised. The Company acquired the Montara Assets for a consideration of US$149.1 million consisting of cash payments on September 28, 2018 of US$133.1 million and a further US$16.0 million for future estimated contingent payments.

On August 2, 2018, the Company entered into a reserve based lending agreement to borrow US$120.0 million, repayable quarterly over the period to and including March 31, 2021. The first repayment is due on December 31, 2018. The Company drew down the facility on September 27, 2018, as part of the funding for the Montara Assets.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed interim financial statements (the "Financial Statements") are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting, on a going concern basis under the historical cost convention. They do not contain all disclosures required by International Financial Reporting Standards for annual financial statements and accordingly, should be read in conjunction with Jadestone's audited consolidated financial statements for the period ended December 31, 2017.

These Financial Statements were approved for issuance by the Company's Board of Directors on November 28, 2018 on the recommendation of the Audit Committee.

Basis of measurement

These Financial Statements have been prepared on an historical cost basis, except for financial instruments classified as financial instruments at fair value, which are stated at their fair values. In addition, these Financial Statements have been prepared using the accrual basis of accounting.

New Financial Reporting Standards adopted

Information on the implementation of new accounting standards is included in the Company's audited financial statements for the period ended December 31, 2017 (see Note 2. Summary of Significant Accounting Policies – Basis of Preparation), and also as outlined below:

The group has applied the following standards and amendments for the first time with effect from January 1, 2018.
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

IFRS 9 - Financial Instruments

IFRS 9 provides a classification and measurement approach for financial assets and liabilities based on the business model on which they are managed and the cash flows associated with each financial asset or liability. Under the standard, financial assets are classified as measured at amortised cost, fair value through the profit and loss, or fair value through other comprehensive income. For financial liabilities, the classifications of IAS 39 were largely unchanged. While the Group's financial assets have been reclassified into the categories defined by IFRS 9, the Group has not identified any impacts on the measurement of its financial assets and liabilities as a result of the new classification and measurement requirements.

The impairment of financial assets measured at amortised cost are recognised on an expected loss basis based on future credit risk information and assumptions. Movements in the expected loss reserve are recognised in the income statement. Due to the short term nature and quality of the financial assets, the company has not recognised any impacts since the adoption of IFRS 9.

For hedge accounting, the Company has adopted and applied the policy described below. There were no hedge contracts in place prior to January 1, 2018, and no prior period adjustments are required since adopting IFRS 9.

Hedge accounting

For the purposes of hedge accounting, hedges are classified as either:

- Fair value hedges where they hedge the exposure to changes in the fair value of a recognised asset or liability; or
- Cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecasted transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, along with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. To achieve hedge accounting, the relationships must be expected to be highly effective and are assessed on an ongoing basis, to determine that they continue to meet the risk management objective.

Hedge accounting is discontinued when the hedge instrument expires, is sold, terminates, is exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in Other Comprehensive Income (OCI) remains in hedge reserve until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year.

Cash flow hedges

The effective portion of the gain or loss on hedging instruments that are classified as cash flow hedges, is recognised in OCI, while any ineffective portion is recognised immediately in the income statement. The ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

IFRS 15 Revenue from contracts with customers

The group has adopted IFRS 15, Revenue from Contracts with Customers from January 1, 2018. Revenue is recognised from customer contracts when performance obligations are satisfied through the transfer of goods or services. The good or service is deemed to have been performed when the customer takes control of that good or service.

The transfer of control of oil and gas commodities sold by the group occurs when title passes with the customer taking physical possession at which time the contractual obligations are fulfilled. The accounting for revenue under IFRS 15 does not, therefore represent a change from the Group's previous practice of recognising revenue from sales contracts with customers.

3. REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Revenue – oil	32,668	19,524	69,242	52,122
Revenue – gas	-	1,859	2,759	4,605
	32,668	21,383	72,001	56,727
Average realised price				
Crude oil – Stag (US$/bbl)	77.07	56.47	74.04	55.86
Liquids – Ogan Komering (US$/bbl)	-	47.31	63.45	46.37
Gas – Ogan Komering (US$/mmbtu)	-		6.04	6.94
Average production				
Crude oil – Stag (bbl/d)	3,080	2,847	2,851	2,602
Crude oil – Montara (bbl/d, from September 28, 2018)	7,585	-	7,585	-
Liquids – Ogan Komering (bbl/d)	-	928	918	954
Gas – Ogan Komering (mmbtu/d)	-	2,976	3,129	3,023

The Montara Assets acquisition closed on September 28, 2018. Montara production for the three days to September 30, 2018 averaged 7,585 bbls/d.

4. PRODUCTION COST

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
FSO vessel expenses	4,148	3,637	12,367	17,289
Workovers	1,385	615	6,922	12,746
Air, marine and onshore support	1,253	1,258	3,598	1,145
Repairs & maintenance	631	625	2,610	2,596
Other operating expenses	3,726	5,245	12,584	14,354
Movement in oil inventory	5,727	993	2,257	4,285
	16,870	12,373	40,337	52,416

The Ogan Komering PSC expired on February 28, 2018 and a temporary co-operation contract was entered into, continuing the PSC terms pending the issue of the new PSC on May 20, 2018, at which time Jadestone ceased to hold an interest in Ogan Komering.

Jadestone Energy Inc.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine months ended September 30, 2018

5. DEPLETION, DEPRECIATION AND AMORTISATION

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Depletion and amortisation	2,688	3,266	7,555	8,108
Depreciation for plant and equipment (Note 12)	92	74	289	131
	2,780	3,339	7,844	8,239

During the period, Montara contributed US$0.3 million to depletion, depreciation and amortisation.

6. OTHER EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Professional fees/consultancies	2,662	1,411	4,671	3,027
Office costs	739	750	1,683	2,408
Travel & subsistence	245	73	576	372
Cash flow hedges	(984)	-	(332)	-
Other expenses	346	(79)	500	380
Loss for the period	3,008	2,155	7,098	6,187

During the quarter ended September 30, 2018 a credit of US$1.0 million was incurred due to a fair value adjustment related hedge accounting.

7. IMPAIRMENT OF ASSETS

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Impairment of intangible exploration assets	-	-	11,902	5,951
Impairment of material and spare parts	-	-	-	1,717
	-	-	11,902	7,668

Total impairment expense in relation to intangible exploration assets for the nine months to September 30, 2018 of US$11.9 million (nine months to September 30, 2017: US$6.0 million) arose from the decision in March 2018 to not perform any further exploration activities on Block 127 in Vietnam and proceed with relinquishment.

8. FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Accretion expense	637	708	1,721	1,687
Foreign exchange (gain)/loss	127	137	83	(365)
Interest on convertible bonds	142	271	706	279
Fair value (gain)/loss on derivative liability	(97)	-	1,196	-
Net gain on early repayment	(33)	-	(33)	-
Others	65	224	191	445
	841	1,340	3,864	2,046

9. TAXATION

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Current taxation				
Current year				
Current tax expense	721	709	1,703	1,213
Deferred tax expense	2,220	-	2,518	-
Total current income tax charge	2,941	709	4,221	1,213
Australian Petroleum Resource Rent Tax (PRRT)				
Current tax benefit	3,464	-	3,464	-
Deferred tax benefit	(218)	(422)	244	680
PRRT benefit	3,246	(422)	3,708	680
Tax expense for the period	6,187	287	7,929	1,893

During the quarter, Stag became liable to pay PRRT. The current period charge was US$3.5 million based on the rate of 40% of assessable profits (effective rate 28%). It is not foreseen that Montara will become liable for PRRT due to the tax credits transferred with the asset.

10. INTANGIBLE EXPLORATION ASSETS

	As at September 30, 2018	As at December 31, 2017
	US$'000	US$000
Cost		
Balance at the beginning of the period	199,244	197,705
Additions	635	1,539
Exploration asset written off	(110,050)	-
	89,829	199,244
Impairments		
Balance at the beginning of the period	93,571	87,621
Charged to profit or loss	11,902	5,950
Exploration asset written off	(110,050)	-
At September 30,2018	(4,577)	93,571
Net book value at the end of the period	94,406	105,673

During the period exploration blocks previously impaired have been written off, resulting in nil (2017: nil) impact in the income statement.

11. BUSINESS COMBINATIONS

Acquisition of Montara Assets

On September 28, 2018, Jadestone Energy (Eagle) Ltd, a wholly owned subsidiary of the Company, closed the acquisition of 100% of the Montara Assets.

The US$149.1 million consideration comprised US$133.1 million in cash and US$16.0 million in future contingent payments. The contingent payments are based on the average annual Brent crude price exceeding US$80.0/bbl in one or both of 2019 and 2020, and are accounted for at fair value. The earliest potential payment is January 2020.

The fair value assessment of the Montara identifiable assets and liabilities, acquired as at the date of acquisition, have been reviewed in accordance with IFRS 3 Business Combinations. Details of the Group's accounting policies in relation to Business Combinations are contained in Note 2, Summary of Significant Accounting Policies - Basis of Preparations, in the audited financials statements for the period ended December 31, 2017.

The fair value of the assets acquired have been calculated using valuation techniques based on discounted cashflows, using forward curve commodity prices, a discount rate based on market observable data, and cost and production profiles.

The amounts are estimates made by management at the time of preparation of these financial statements. Amendments may be made to these amounts as values subject to estimate are finalised.

From the date of acquisition, September 28, 2018, Montara recorded a net loss after tax of US$1.5 million including one-off project fees associated with the acquisition of US$1.7 million, and operating expenses of US$0.3 million, offset by tax credits of US$0.5 million. No revenues were recognised in the period as the first lifting occurred in October 2018.

The corporate cost associated with the acquisition amounted to US$7.8 million, and has been expensed to other expenses in the consolidated income statement and statement of comprehensive income.

The provisional fair value of the identifiable assets and liabilities of the Montara field as at the acquisition date were:

	Provisional as at September 28, 2018 US$000
Assets	
Current assets	
Other receivables	4,917
Inventory – materials	17,195
Inventory – crude oil	18,178
Non current assets	
Oil and gas properties	396,804
Total assets	437,094
Liabilities	
Current liabilities	
Trade and other payables	(4,897)
Non current liabilities	
ARO	(197,839)
Other provisions	(432)
Deferred tax liabilities	(84,788)
Total liabilities	(287,956)
	149,139

12. OIL AND GAS PROPERTIES

	As at September 30, 2018 US$000	As at December 31, 2017 US$000
Cost		
Balance at the beginning of the period	75,863	68,172
Additions	1,625	1,772
Montara acquisition additions (Note 11)	396,804	-
ARO capitalised/(released) during the period	(4,069)	5,919
Transfers from intangible exploration assets	(1,003)	-
Balance at the end of the period	469,220	75,863
Accumulated depletion		
Balance at the beginning of the period	13,625	3,838
Charge for the period	7,555	9,787
Balance at the end of the period	21,180	13,625
Net book value at the end of the period	448,040	62,238

13. PLANT AND EQUIPMENT

	Computer Equipment US$000	Fixtures & Fittings US$000	Total US$000
Cost			
At January 1, 2017	545	882	1,427
Additions	635	142	777
At December 31, 2017	1,180	1,024	2,204
Accumulated depreciation			
At January 1, 2017	470	861	1,331
Charge for the period	195	30	225
At December 31, 2017	665	891	1,556
Net book value at December 31, 2017	515	133	648
Cost			
At January 1, 2018	1,180	1,024	2,204
Additions	36	103	139
Disposals	(12)	-	(12)
Transfers from oil & gas properties	1,003	-	1,003
At September 30, 2018	2,207	1,127	3,334
Accumulated depreciation			
At January 1, 2018	665	891	1,556
Charge for the period	253	36	289
At September 30, 2018	918	927	1,845
Net book value at September 30, 2018	1,290	200	1,489

14. CASH AND CASH EQUIVALENTS

	As at September 30, 2018 US$000	As at December 31, 2017 US$000
Non current		
Restricted cash	24,333	10,729
Current		
Cash at bank	45,648	10,450
Restricted cash	4,301	-
	49,949	10,450
	74,282	10,450

As at September 30, 2018, non-current restricted cash includes a cash deposit of US$10.0 million placed by the Company in support of a bank guarantee to a key supplier in respect of Stag related obligations under a long term contract. In addition, under the reserves based lending facility the Company opened a debt reserve service account which created non-current restricted cash and current restricted cash of US$14.3 million and US$4.3 million respectively.

15. DEFERRED TAX

The following are the deferred tax assets recognised by the company:

	As at September 30, 2018 US$000	As at December 31, 2017 US$000
PRRT		
Beginning balance	20,273	17,541
PRRT credit/(expense) for the period	(3,246)	2,524
Foreign currency effect	(86)	208
	16,941	20,273
Corporate income tax		
Beginning balance	3,548	-
Deferred tax assets movement for the period	1,239	3,548
	4,787	3,548
Total deferred tax assets	21,728	23,821

16. INVENTORIES

	As at September 30, 2018 US$000	As at December 31, 2017 US$ 000
Materials and spare parts	22,453	4,195
Crude oil on hand	22,522	5,416
	44,975	9,611

As part of the acquisition of the Montara Assets, crude oil inventory of US$18.4 million and material and spares of US$17.2 million were acquired on September 28, 2018.

17. TRADE AND OTHER RECEIVABLES

	As at September 30, 2018 US$000	As at December 31, 2017 US$000
Trade debtors	22,661	1,987
Prepayments	9,153	1,766
Other debtors	5,960	966
	37,774	4,719

As part of the acquisition of the Montara Assets, trade debtors at quarter end includes US$14.2 million of receivables acquired on September 28, 2018.

18. SHARE CAPITAL

Authorised ordinary share capital:
Unlimited number of ordinary voting shares with no par value

Allotted and outstanding:

	As at September 30, 2018	As at December 31, 2017
Number of issued shares	461,009,478	221,298,004
	US$000	US$000
At the beginning of the period	364,466	364,466
Proceeds from share issue net of expenses	102,096	-
End of the period	466,562	364,466

The share capital consists of fully paid ordinary shares with nil par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote at the shareholders meeting.

The group issued 239,711,474 ordinary shares on August 8, 2018 with a nil par value for 0.35 pounds sterling per share. The issue represents 52% of the total shares issued at the end of the quarter.

The costs arising from the issuance of the new shares and charged to equity amounted to US$7.8 million (2017: nil).

19. SHARE-BASED PAYMENTS AND WARRANTS

The total expense arising from share-based payment recognized for the nine months ended September 30, 2018 was US$0.4 million (nine months ended September 30, 2017: US$0.4 million).

On August 19, 2015, the Company adopted, as approved by shareholders, a stock incentive plan (the "Plan") which establishes a rolling number of shares issuable under the plan in the amount of 10% of the Company's issued shares at the date of grant. Under the terms of the Plan, the exercise price of each option granted cannot be less than the market price at the date of grant, or such other price as may be required by TSX-V. Options under the plan can have a term of up to 10 years, with vesting provisions determined by the directors in accordance with TSX-V policies for Tier 2 Issuers.

The Black-Scholes option-pricing model, with the following assumptions, was used to estimate the fair value of the following options granted during the nine months to September 30, 2018:

	Options granted on	
	July 29, 2018 US$000	March 29, 2018 US$000
Risk-free interest rate	2.23% to 2.26%	1.99% to 2.04%
Expected life	5.5 to 6.5 years	5.5 to 6.5 years
Expected volatility	44.7% to 43.2%	43.1% to 44.1%
Share price	C$0.61	C$0.43
Exercise price	C$0.61	C$0.50
Expected dividends	nil	nil

The following table summarizes the share options outstanding and exercisable as at September 30, 2018

	Number of Options	**Weighted average exercise price C$**	**Weighted average remaining contract life**	**Number of options exercisable**
As at December 31, 2017	8,102,821	0.58	9.03	927,822
New share options issued	4,500,000	0.54	10.00	-
Cancelled during the quarter	(170,000)	1.03	-	-
As at September 30, 2018	12,432,821	0.56	8.77	3,241,164

20. PROVISION FOR ASSET RESTORATION OBLIGATIONS

	As at September 30, 2018 US$000	**As at December 31, 2017** US$000
Non current		
Opening balance	84,728	77,186
Montara acquisition additions (Note 11)	197,839	-
Accretion expense	1,612	1,589
Changes in discount and forex rate assumptions	(4,069)	5,919
Others	(11)	34
	280,099	84,728

The Group's asset restoration obligations ("ARO") result from the future costs of decommissioning the Stag oilfield facilities and Montara assets which are expected to be incurred up to 2034 and 2031. The balance of the provision is the discounted present value of the estimated future cost.

The present value of the ARO has been calculated based on the blended estimated Australian and United States risk free rate of 2.86% (Australian risk free rate of 2.67% and United States risk free rate of 3.05%) and after allowing for an inflation rate of 2.25% as at September 30, 2018.

21. OTHER PAYABLES

	As at September 30, 2018 US$000	As at December 31, 2017 US$000
Non current		
Montara other provision	15,805	-
Stag	6,451	6,918
Others	135	341
	22,391	7,259

Included in other payables is US$15.8 million related to the potential contingent payments that could crystallise at Montara. The Company has reviewed and assessed all of the contingent payments and determined that the following two payments could crystallise:

a) Annual average Brent crude price exceeding US$80/bbl in 2019: US$20.0 million
b) Annual average Brent crude price exceeding US$80/bbl in 2020: US$10.0 million

The fair value has been reviewed and assessed using a monti carlo simulation model, determining a fair value of US$15.8 million for the two payments 2019: US$10.8 million and 2020: US$5.0 million.

22. DEFERRED TAX LIABILITY

	As at September 30, 2018 US$000	As at December 31, 2017 US$000
Non current		
Opening balance	200	1,200
Montara acquisition additions (Note 11)	84,788	-
utilisation in current period	(200)	(1,000)
	84,788	200

The deferred tax liability relates to the acquisition of the Montara Assets (US$84.8 million), and arose from timing differences in unrecovered depreciated costs. The balance at December 31, 2018 of US$0.2 million, related to Ogan Komering, a license which expired in May 2018.

23. OTHER FINANCIAL LIABILITIES

	As at September 30, 2018 US$000	As at December 31, 2017 US$000
Cashflow hedges	4,888	-
	4,888	-

Jadestone has entered into two commodity hedges to hedge 350,000 bbls of crude oil production over the period January 2, 2018 to June 30, 2018 at Brent ICE crude fixed at US$64.60/bbl, and another 350,000 bbls over the period July 1, 2018 to December 31, 2018, at Brent ICE crude fixed at US$65.00/bbl. These have been designated as cashflow hedges and hence the fair value movements are recognised in other comprehensive income, while the ineffective portion and the amount related to sales for the period are immediately recognised in the income statement.

24. BORROWINGS

	As at September 30, 2018 US$000	As at December 31, 2017 US$000
The future minimum repayments of borrowings are as follows:		
Within one year	56,010	829
Later than one year but within five years	60,932	-
	116,942	829
The obligation is classified as:		
Current liability	56,010	829
Non current liability	60,932	-
	116,942	829

On August 2, 2018, the Company entered into a reserve based lending agreement to borrow US$120 million, repayable over the period to March 31, 2021. The balances represents the fair value of the loan, net of transaction fees.

25. SECURED CONVERTIBLE BOND

On November 8, 2016 the Company entered into a convertible bond with Tyrus Capital Event S.à r.l and incurred a structuring fee of 2% of the facility and a 1% per annum standby fee on the undrawn facility until maturity on October 31, 2019.

On August 1, 2018, the Company and Tyrus Capital Event S.à r.l. conditionally agreed, upon admission and listing on AIM, that the Company would redeem the convertible bond facility by paying US$17.4 million to Tyrus and the convertible terminates on receipt, and all associated security released. At June 30, 2018, the balance on the bond was drawn to US$15.0 million and repayment subsequently occurred on August 15, 2018.

The costs related to the convertible bond are tabled below:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	US$000	US$000	US$000	US$000
Interest expense	142	271	700	279
Standby fee	16	34	81	69
Bond accretion	146	263	706	263
Fair value of associated financial derivative	(97)	-	1,196	-
Amortisation of prepaid structuring fee	18	31	82	32
Net gain on early repayment	(33)	-	(33)	-
	192	599	2,732	643

	As at September 30, 2018	As at December 31, 2017
	US$000	US$000
Nominal value of the convertible bonds issued	15,000	15,000
Derivative financial instruments at the date of issuance	(2,390)	(2,390)
Liability component at the date of issuance	12,610	12,610
Less: convertible bond issue costs	(378)	(378)
Liability recognised at inception, net of costs	12,232	12,232
Cumulative accretion expense	1,244	538
	13,476	12,770
Less: bond settlement adjustments	(13,476)	-
	-	12,770

26. TRADE AND OTHER PAYABLES

	As at September 30, 2018	As at December 31, 2017
	US$000	US$000
Trade creditors	3,825	1,098
Accrued expenses	14,675	8,591
Other provisions	4,753	1,148
Other creditors	6,057	-
	29,310	10,837

These amounts are non interest bearing and repayable on demand.

As part of the acquisition of the Montara Assets, trade and other payables includes US$9.2 million acquired on September 28, 2018.

27. BUSINESS RISKS AND UNCERTAINTIES

Jadestone, like all companies in the oil and gas industry, operates in an environment subject to inherent risks. Many of those risks are beyond the ability of a company's control, including those associated with exploring for, developing and producing economic quantities of hydrocarbons, volatile commodity prices, governmental regulations and environmental matters.

For detailed analysis on how the company manages these risks, see the Company's annual financial statements, December 31, 2017. The Company has processes and systems in place designed to identify the principal risks of the business and establish what it considers reasonable mitigation strategies wherever possible. The Company's operational and environmental risks have not materially changed since December 31, 2017, which were detailed in the Company's Annual Report and MD&A for the period year ended December 31, 2017.

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

	As at September 30, 2018 US$000	As at December 31, 2017 US$000
Financial assets		
Receivables	37,774	4,719
Cash and cash equivalents	45,648	10,450
	83,422	15,169
Financial liabilities		
At amortised cost:		
Borrowings	116,942	829
Provisions	280,099	84,728
Payables	22,391	7,259
Other payables	4,888	0
At fair value:		
Convertible bonds	-	12,770
Derivative financial instruments	-	3,067
	424,320	108,653

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between US$ and foreign currencies will affect the fair value or future cash flows of the Company's financial assets or liabilities.

Cash and bank balances are generally held in the currency of likely future expenditures to minimise the impact of currency fluctuations. It is the Company's normal practice to hold the majority of funds in US$ in order to match the Group's revenue and expenditures. The Company reserve based lending facility is US$ denominated.

In addition to US$, the Company transacts in various currencies, including Canadian Dollars, Singapore Dollars, Australian Dollars, Indonesian Rupiah, Vietnamese Dong, and Malaysian Ringgit. No sensitivity analysis has been prepared for carrying amounts of monetary assets and liabilities denominated in these foreign currencies as the Company does not expect any material effect arising from reasonably possible changes to the exchange rate for these foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of changes in market interest rates primarily due to the Company's long term debt obligations with rates that are fixed to LIBOR.

The sensitivity analysis below has been determined based on the Company's exposure to an interest rate movement assuming the net debt at the period end has been outstanding for the full year.

For gross debt outstanding of US$120.0 million at September 30, 2018, if interest rates had increased or decreased by 1% and all other variables remained constant, the Company's quarterly net income/(loss) would have increased or decreased by US$0.2 million (2017: nil).

Commodity price risk

The Group's earnings are affected by changes in oil and gas prices. The Group manages this risk by monitoring oil and gas prices and entering into commodity hedges against fluctuations in oil prices if considered appropriate. As at September 30, 2018, the Group had entered into a commodity hedge to hedge 350,000 bbls of crude oil production, over the period January 2, 2018 to June 30, 2018 at Brent ICE crude fixed at US$64.60/bbl and another 350,000 bbls oil hedge, over the period July 1, 2018 to December 31, 2018, at Brent ICE crude fixed at US$65.00/bbl.

As part of the Montara acquisition, the Company has hedged 50% of 2PD planned production volumes for the 24 months to September 2020. The hedge is a capped swap, providing downside price protection while allowing for participation in higher commodity prices via purchased call options. The call strike is set at US$80/bbl in 2019 and US$85/bbl for the first three quarters of 2020. The swap price is set at US$78.26/bbl for Q4 2018, US$71.72/bbl for 2019 and US$68.45/bbl for the nine months to September 2020. Approximately two thirds of the swapped barrels in 2019 and 2020 have upside price participation via purchased calls. The effective date of the hedge contracts is October 1, 2018, and hence there are no financial impacts reflected in the Q3 2018 financial statements.

During the nine months ended September 30, 2018, the loss on cash flow hedges recognised in the statement of other comprehensive income amounted to net of tax of US$2.0 million and the loss on cash flow hedges recognised in the income statement amounted to net of tax of US$4.6 million. As at September 30, 2018 the financial liability of the cash flow hedge amounted to US$4.9 million.

Commodity Price Sensitivity

The results of operations and cash flows of oil and gas production can vary significantly with fluctuations in the market prices of oil and/or natural gas. These are affected by factors outside the Group's control, including the market forces of supply and demand, regulatory and political actions of governments, and attempts of international cartels to control or influence prices, among a range of other factors.

The table below summarises the impact on profit/(loss) before tax, and on equity, from changes in commodity prices on the fair value of derivative financial instruments. The analysis is based on the assumption that the crude oil price moves 10%, with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of recent historical prices and current economic forecasters' estimates.

Gain/(Loss)	**Effect on the result before tax for the three month period ended September 30, 2018**	**Effect on other comprehensive income for the three month period ended September 30, 2018**	**Effect on the result before tax for the three month period ended September 30, 2017**	**Effect on other comprehensive income for the three month period ended September 30, 2017**
	USD$000	USD$000	USD$000	USD$000
Increase by 10%	537	865	-	-
Decrease by 10%	(207)	(1,195)	-	-

Liquidity risk

The company has reduced the loss after tax for the nine month period ended September 30, 2018 by US$10.7 million compared to the nine months ended September 30, 2017. Net cash from/(used in) operating activities for the nine month period ended September 30, 2018 is US$14.7 million compared to US$14.6 million in the nine months ended September 30, 2017. The company's net current assets as at September 30, 2018 are US$42.5.5 million (December, 2017: US$13.1 million). The increase is predominately due to the acquisition of Montara.

The table below analyses the Group's financial liabilities into relevant maturity groupings at the reporting date, based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due are equal to their carrying balances, as the impact of discounting is not significant. The maturity profile is:

	As at September 30, 2018 US$000	Year ended December 31, 2017 US$000
Less than 1 year		
Trade & other payables	29,310	10,839
Other financial liabilities	4,888	-
Borrowings	56,010	829
	90,208	11,668
Within 2 years		
Borrowings	60,932	-
Secured convertible bond	-	12,770
	60,932	12,770

29. SEGMENTAL REPORTING

For management purposes, the Group operates in two business segments, namely exploration and production of oil and gas. The geographic focus of the business is Southeast Asia ("SEA") and Australia.

Revenue and non-current assets information based on the geographical location of assets respectively are as follows:

	Revenue		Non current assets	
	Nine months ended September 30, 2018 US$000	Nine months ended September 30, 2017 US$000	As at September 30, 2018 US$000	As at December 31, 2017 US$000
Producing assets				
Australia	61,153	42,648	495,370	95,898
SEA – Indonesia	10,848	14,079	-	1,346
Exploration and evaluation assets				
SEA – Vietnam			43,902	55,258
SEA – Philippines			50,504	50,415
Others			220	192
	72,001	56,727	589,996	203,109

	-------Nine months ended September 30, 2018-------			
	Production assets	Exploration assets	Corporate	Total
Gross revenue	72,001	-	-	72,001
Effective portion of the cash flow hedge	(4,611)	-	-	(4,611)
Royalties	(3,549)	-	-	(3,549)
Net revenue	63,841	-	-	63,841
Production cost	(40,337)	-	-	(40,337)
Depletion, depreciation and amortization	(7,767)	-	(77)	(7,844)
Staff costs	(3,076)	(476)	(6,065)	(9,617)
Other expenses	(2,332)	-	(4,766)	(7,098)
Impairment of asset	-	(11,902)	-	(11,902)
Purchase discount	-	-	-	-
Other income	-	-	291	291
Finance costs	(2,258)	(60)	(1,546)	(3,864)
Profit/(Loss) before tax	8,071	(12,438)	(12,163)	(16,530)

	-------Nine months ended September 30, 2017-------			
	Production assets	Exploration assets	Corporate	Total
Gross revenue	56,727	-	-	56,727
Effective portion of the cash flow hedge	-	-	-	-
Royalties	(6,159)	-	-	(6,159)
Net revenue	50,568	-	-	50,568
Production cost	(52,416)	-	-	(52,416)
Depletion, depreciation and amortization	(8,194)	-	(45)	(8,239)
Staff costs	(3,692)	(455)	(4,171)	(8,318)
Other expenses	(2,632)	(129)	(3,426)	(6,187)
Impairment of asset	-	(7,668)	-	(7,668)
Purchase discount	-	-	789	789
Other income	-	-	217	217
Finance costs	(1,828)	(12)	(206)	(2,046)
Profit/(Loss) before tax	(18,194)	(8,264)	(6,842)	(33,300)

30. RELATED PARTY TRANSACTIONS

During the period, the Group entities did not enter into any transactions with related parties other than the following:

Repayment of secured convertible bond

Tyrus Capital Event S.à r.l., an entity controlled by Tyrus Capital S.A.M., entered into a secured convertible bond facility agreement with the Company in November 2016. Tyrus Capital S.A.M. controls entities that hold approximately 23.8% of the Company's ordinary share capital as at September 30, 2018.

On August 1, 2018, the Company and Tyrus Capital Event S.à r.l. conditionally agreed, upon the Company's admission and listing on AIM, that the Company would redeem the secured convertible bond facility by paying US$17.4 million to Tyrus, and all associated security released. At June 30, 2018, the balance on the bond was drawn to US$15.0 million. Repayment subsequently occurred on August 15, 2018.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Three months ended September, 30		**Nine months ended September 30,**	
	2018	**2017**	**2018**	**2017**
	US$000	US$000	US$000	US$000
Short-term benefits	1,672	849	3,468	2,851
Other benefits	461	174	716	979
Termination payments	-	-	-	125
Share-based payments	173	89	297	263
	2,306	1,112	4,481	4,218