

2021 ANNUAL REPORT

Delivering  
essential energy  
to Asia-Pacific



# Our corporate purpose

- We are an upstream oil and gas company operating in the Asia-Pacific region. We aim to deliver value for our stakeholders by acquiring and maximising the life of fields already in production, as well as developing discovered gas resources to satisfy domestic energy demand and support regional economic growth.
- We believe this strategy is fit for the energy transition, as existing fields and discoveries can fulfill global hydrocarbon demand without requiring new resource additions through exploration. This strategy will result in lower overall upstream GHG emissions, a reduced environmental impact, and is consistent with our target of Net Zero Scope 1 and 2 GHG emissions from our operations by 2040.
- Our strategy is predicated on our values of Respect, Integrity, Safety, Results-oriented, Sustainability and Passion.

## Sustainability highlights

Committed to Net Zero  
Scope 1 & 2 GHG emissions from  
our operated assets by 2040



Enhanced TCFD reporting



Inaugural climate  
resilience exercise



## 2021 highlights

### Zero

reportable environmental incidents

### 12,545<sup>boe/d</sup>

production, a 10% increase on 2020

### c. 20,000<sup>boe/d</sup>

year-end 2021 exit rate achieved

### c. 4.6<sup>mmboe</sup>

sales volume, +10% on 2020

### US\$74.34<sup>/bbl</sup>

realised oil price, +66% on 2020

### US\$340.2<sup>million</sup>

revenue, +56% on 2020 and a Group record

### US\$157.9<sup>million</sup>

adjusted EBITDAX, +152% on 2020  
excluding the Skua well workovers

### US\$96.6<sup>million</sup>

operating cash flows before movement  
in working capital, +11% on 2020

### US\$117.9<sup>million</sup>

net cash at end-2021, +44% vs. end-2020

### US\$6.3<sup>million</sup>

recommended 2021 dividend, +24% on  
second 2020 dividend

### 44.7<sup>mmboe</sup>

2P reserves at end-2021, +20% on end-2021

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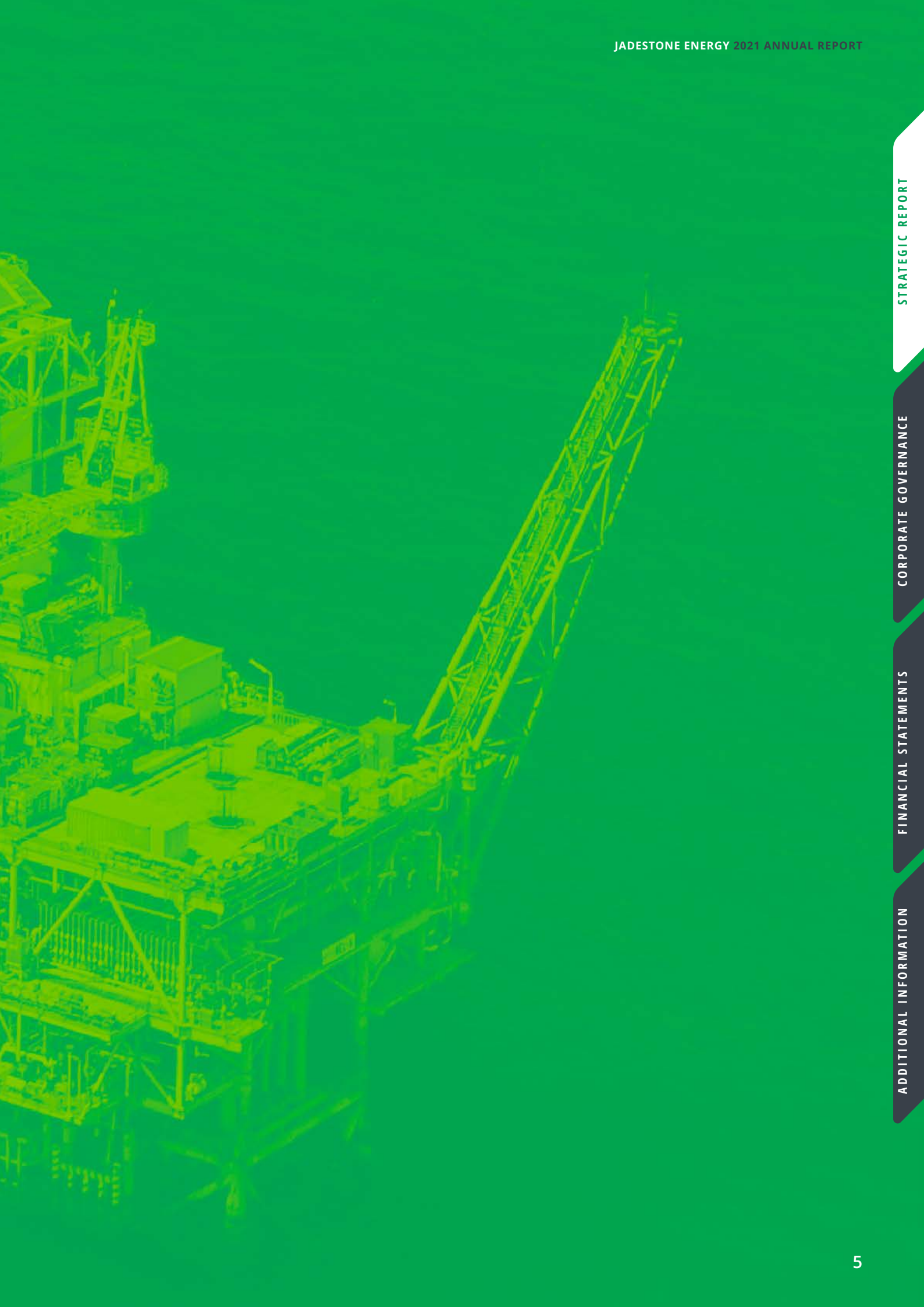
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# Strategic report

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- September 2021**  
Drills successful infill well on Montara, testing at an initial rate approaching 10,000 bbls/d
  - April 2021**  
Acquires Peninsular Malaysia Assets, closes in August 2021 for a net receipt of US\$9 million
  - April 2021**  
Internal reorganisation creates new UK parent company in order to reduce costs and enhance attractiveness to investors

# Jadestone at 5



## **April 2015**

Reverse takeover of Mitra Energy, a company with exploration and pre-development assets in the Philippines, Vietnam and Indonesia



## **July 2016**

Announces acquisition of Stag oil field, closing in November 2016



## **December 2016**

Changes name to "**Jadestone Energy Inc.**" to emphasise a new strategic focus on oil and gas development and production, instead of an exploration-led strategy

**December 2021**

Announces gas sales agreement for the development of the Akatara gas field on the Lemang PSC

**December 2021**

Delivers on target to produce c.20,000 boe/d by year-end 2021

**June 2020**

Acquisition of operated 90% Interest in Lemang PSC, closing in December 2020

**March 2020**

Initiates Project Clover, a cost reduction programme to enhance resiliency in the face of the COVID-19 pandemic

**November 2019**

Announces acquisition of operated stake in the Maari oil field offshore New Zealand

**August 2018**

Admission to the AIM market of the London Stock Exchange and raises US\$110 million in an oversubscribed placing

**June 2017**

A. Paul Blakeley assumes the role of Chief Executive Officer

**July 2018**

Announces acquisition of Montara assets, closing in September 2018

# Chair's statement

**Dennis McShane**

Non-Executive Chair



## Dear shareholders

"I am pleased to report a successful 2021 for Jadestone, which marked the fifth year of its production and development led strategy by executing the biggest activity programme in its history. This, and the initial contribution of the acquired Peninsular Malaysia assets, delivered 10% production growth year-on-year, and significantly higher rates as we exited 2021. This operational performance, allied to rising oil prices with all production unhedged from H2 2021, delivered record revenues and a 44% increase in year-end cash balances. As a result, we were able to generate a total shareholder return of 39% in 2021, and in June 2022 further reward our shareholders through a 25% increase in the recommended final dividend.

2021 was characterised by a concerted global economic recovery from the impact of the COVID-19 pandemic, due to the roll out of vaccines and improving treatments for those infected with the virus. The impact of a recovering global economy manifested itself in an improving oil demand outlook, which underpinned rising oil prices throughout the year and enhanced the value of our business.

COVID-19 continued to pose significant logistical challenges to our business during 2021, particularly in our core Australia operations. The movement of staff and offshore crew rotations were affected by periodic hard borders between states that were permanently lifted only very recently. The business dealt admirably with these testing circumstances and the Directors would like to place on record our gratitude for the resilience and flexibility of all Jadestone's staff during this period.

Our investment case remains extremely attractive, premised on further significant growth from organic investment across our existing portfolio, development of our existing discovered gas resource, as well as additional growth through further asset acquisitions in our core areas. Jadestone's strategy is well-positioned in the context of the ongoing energy transition, where we expect there will be willing sellers of mid-life and maturing upstream assets. We can capitalise on this trend by extending the economic life of these assets through further investment while minimising their greenhouse gas ("GHG") emissions. In addition, Jadestone will also increase the weighting of gas in its portfolio, initially through the development of its Indonesia and Vietnam discoveries, followed by an anticipated increase in gas-weighted acquisitions.

To demonstrate Jadestone's continued commitment to be a responsible operator, and to mitigate our impact on the environment, we have introduced a target of Net Zero Scope 1 & 2 GHG emissions by 2040 from our operated assets. Upstream GHG emissions, and the potential to mitigate them, will play an increasingly important role in our business development framework.



The PenMal Assets acquisition from SapuraOMV was the latest example of how attractive growth opportunities in Asia-Pacific can be, with significant production and reserves added in return for a cash inflow of US\$9 million. Unfortunately, progress on the Maari acquisition in New Zealand has been frustratingly slow, although recent changes to New Zealand's hydrocarbon legislation holds out the prospect of some positive momentum towards closing this transaction during 2022.

Less than 12 months after closing the asset purchase of the initial stake in the Lemang Production Sharing Contract ("PSC"), we were very pleased to see significant progress on the Akatara gas field development onshore Indonesia, with the gas sales agreement announced in December 2021. We look forward to taking a final investment decision on this project in the first half of 2022 with first gas scheduled for early 2024.

While we have not seen comparable progress in commercialising our Vietnam gas resources, in part due to the impact of the COVID-19 pandemic, we remain committed to unlock the significant value in the Nam Du and U Minh gas discoveries. We believe that the development of Nam Du and U Minh would increase Vietnam's energy independence, support the country's growing economy, and assist in the country's energy transition following Vietnam's commitment to carbon neutrality by 2050. Development of both the Indonesia and Vietnam gas discoveries represent a key pillar of our sustainability strategy, as they will introduce significant gas-weighting into the portfolio, thereby reducing the Group's GHG emissions intensity over the medium-term.

Our governance framework continued to evolve during the year. The internal reorganisation, completed in April 2021, introduced a UK plc as the ultimate parent company of the Jadestone Group. The reorganisation will further raise our profile with investors who were unable to invest in non-UK domiciled companies. In addition to our annual Quoted Companies Alliance ("QCA") Code compliance statement, and as a result of the reorganisation, this year's annual report also includes our first Section 172 disclosure, reporting how the Directors have carried out their duties to stakeholders under Section 172 of the Companies Act 2006. We have also refreshed the structure and terms of reference of our Board committees, to ensure that their remit and scope are appropriate in light of Jadestone's continued growth and the increasing scrutiny of upstream operators' GHG footprint. Finally, we have significantly increased the extent of our voluntary reporting pursuant to the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations, recognising that the execution of our business strategy through the energy transition will be an increasingly important element of disclosure for our stakeholders going forward.

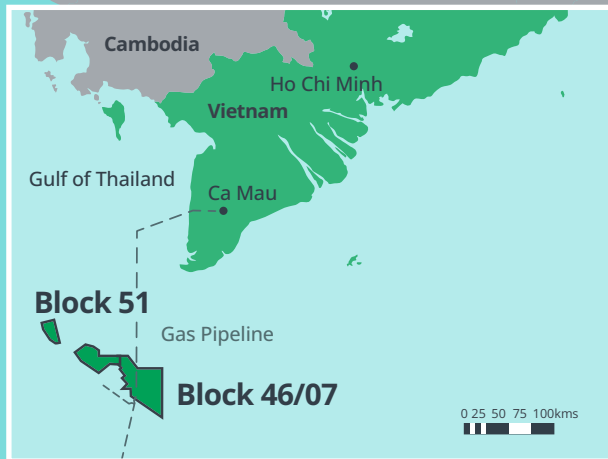
At the end of the year, we were sorry to announce the departure of our CFO, Daniel Young, who decided to repatriate his family back to Australia after a period of over 20 years abroad. Dan joined the business in early 2017 and was instrumental in the growth of Jadestone over the past five years. We wish him well in the next chapter of his life and career. The search for his successor is at an advanced stage. In April 2022, we announced the appointment of Jenifer Thien as a Non-Executive Director. Jenifer's significant senior executive and sustainability experience will be an important and complementary addition to the Board's skillset.

Five years have elapsed since Jadestone assumed its current corporate identity and strategy. During that period the Group has announced seven asset acquisitions, grown production towards ~20,000 boepd at the end of 2021, and established itself as a leading independent in the Asia-Pacific oil and gas sector. I'd like to thank and congratulate everyone who has played a role in this success story.

Early 2022 has been dominated by the distressing scenes in Ukraine following Russia's invasion. The conflict has roiled energy markets as many countries look to reduce or eliminate Russian oil and gas imports in response, and brought energy security back into the spotlight. Ensuing high energy prices have stoked inflation fears and clouded the economic outlook.

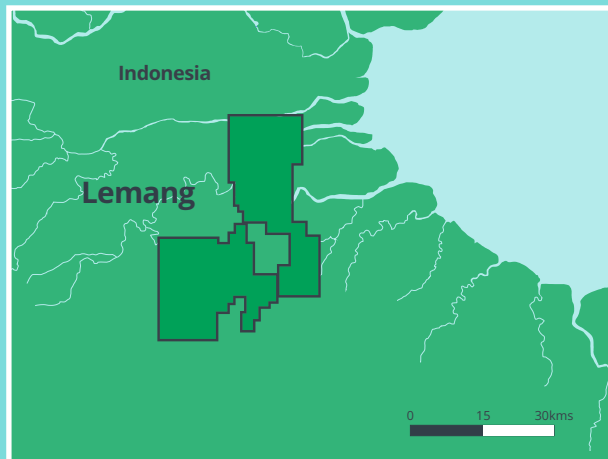
Our financial strength at this time is a key differentiator against this uncertain backdrop, and Jadestone stands ready to play its part in contributing to energy security in the Asia-Pacific region. I remain confident that Jadestone has the platform to deliver further accretive growth in the years to come. On behalf of Jadestone's Directors, I thank you for your continued support."

**Dennis McShane**  
Non-Executive Chair



### Block 51 PSC, and Block 46/07 PSC, Vietnam

Status: In development  
 Working Interest: 100%  
 Gross Acreage: Block 51 – 887km<sup>2</sup>, Block 46/07 – 2,622km<sup>2</sup>  
 Location: Malay-Tho Chu Basin  
 Water Depth: Block 51 – 64m, Block 46/07 – 48m



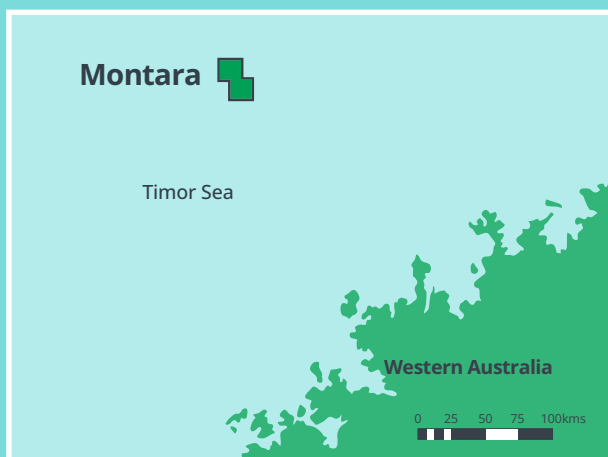
### Lemang PSC, Indonesia

Status: In development  
 Working Interest: 90%\*  
 Gross Acreage: 743km<sup>2</sup>  
 Location: South Sumatra Basin

\*Jadestone has entered into an agreement to acquire the remaining 10% working interest in the PSC

### Montara project, Australia

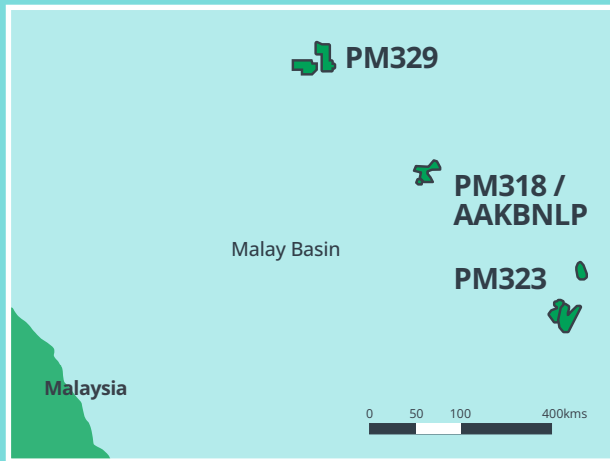
Status: Producing  
 Working Interest: 100%  
 Gross Acreage: 672km<sup>2</sup>  
 Location: Offshore Western Australia  
 Water Depth: 77m



### Stag oilfield, Australia

Status: Producing  
 Working Interest: 100%  
 Gross Acreage: 160km<sup>2</sup>  
 Location: Offshore Western Australia  
 Water Depth: 47m





### Peninsular Malaysia

Status: Producing  
 Operated assets: PM323 (60% working interest) and PM329 (70% working interest)  
 Non-operated assets: PM318 and AAKBNLP (50% working interest)  
 Gross acreage: 3,389km<sup>2</sup>  
 Location: Malay Basin  
 Water depth: 63-72 metres

# Jadestone's portfolio



Maari  NEW PLYMOUTH

New Zealand

### Maari project, offshore New Zealand

Status: Pending acquisition  
 Working interest: 69% and operator (on completion)  
 Gross Acreage: 34km<sup>2</sup>  
 Location: Offshore Taranaki Basin  
 Water Depth: 100m

★  
 Star denotes  
 Jadestone office



# Chief Executive Officer's review

**A. Paul Blakeley**

Executive Director, President and Chief Executive Officer



## Building on a successful first five years

In a little over five years, we have transformed Jadestone from an exploration led vehicle into a leading Asia-Pacific upstream company with a significant production base and material organic growth potential. We also find ourselves today with potential for further material inorganic growth in an environment where mid-life and maturing upstream assets are coming to market. I am proud of what we have achieved so far and congratulate the Jadestone team on another successful year.

While 2020 was characterised by our resilience in the early stages of the COVID-19 pandemic, Jadestone's focus in 2021 was demonstrating our agility in the face of an improving oil price backdrop by sanctioning and executing the Group's biggest ever activity programme. This comprised the Montara H6 infill well and subsea workovers on the Skua-10 and Skua-11 wells, while we also made progress towards sanctioning our Akatara gas project and acquired our first producing assets in Malaysia.



## Sustainability and Net Zero target

Sustainability remains one of Jadestone's core values, and we continue to spend a significant amount of time ensuring that our strategy and business model are appropriate and resilient as we play our part in progressing the energy transition. We added relevant sustainability experience to the Board through the appointment in April 2022 of Jenifer Thien as a Non-Executive Director, and we now also have a permanent ESG Manager to oversee our sustainability performance and reporting.

As an upstream oil and gas company in Asia-Pacific, we will continue to help deliver the energy that the region needs to ensure there is a just and orderly energy transition, while at the same time address our own GHG footprint to maintain our licence to operate and enhance relationships with our stakeholders, particularly our investors who are experiencing pressure from their own clients to decarbonise their portfolios.

Our absolute GHG emissions and emissions intensity increased in 2021 compared to 2020 levels, driven by an increase in flaring at Montara, due to reliability issues with the field's gas reinjection system in the first half, and the drilling and workover campaign in the second half of the year. Consequently, our 2021 target of 5% reduction of flaring versus 2020 levels was not achieved. A root cause analysis of the reinjection compressor downtime was undertaken, identifying potential actions to mitigate the impact of similar events in the future. Our strategy of acquiring assets in the middle of their producing lives, means that our GHG emissions intensity may be higher than our peers. However, we will aim to drive down emissions, through both improved operating practices as well as with targeted capital investment.

We have introduced a Net Zero commitment for our business, aiming to achieve Net Zero Scope 1 and 2 GHG emissions from our operated assets by no later than 2040. We have also issued a climate policy statement, setting out our position on climate change and how we expect our corporate strategy to be successful during the energy transition. Our climate approach and Net Zero strategy are covered in more detail on pages 24 to 25 of this annual report. Furthermore, we have also enhanced our sustainability reporting, including an expanded set of voluntary disclosures against the TCFD recommendations, demonstrating our commitment to transparency and the sustainability of our business.

## COVID-19 pandemic impact

During 2021, the impact of the COVID-19 pandemic continued to be seen across the business. Around a quarter of the savings identified during Project Clover, the cost saving and efficiency programme introduced in the early stages of the pandemic, have been locked in as permanent reductions to our cost base. At certain points during 2021, we experienced challenges with the hard borders between states in Australia, impacting crew changes and the movement of other personnel and equipment offshore to Montara and Stag. However, we have managed to navigate these challenges without any significant compromise to our high standards of safety and operational efficiency.

We have also continued to support our onshore employees, with the formation of a COVID-19 management committee, safe management measures implemented for each of our offices and clear guidance and financial support for any employees who either contracted COVID-19 or who were required to be tested. We have an assistance programme in place for our Australian employees, and provided additional support, in the form of counselling, for offshore crews whilst they navigated the difficult conditions brought about by COVID-19, including quarantine. There has been regular communication for all employees working from home, with a focus on employee safety and well-being. We have also held regular virtual townhalls to update employees on Group developments, while a formal employee survey was carried out at the end of 2021 which provided feedback on Jadestone's leadership, communication, values, development and culture.

As the impact of the COVID-19 pandemic has diminished, lockdown restrictions have been gradually lifted and economic activity has recovered, such that crude oil and refined product demand have increased significantly. However, with reduced investment in the upstream industry over several years, and OPEC unable to manage market supply, the sector is barely meeting crude oil demand. As a result, crude oil inventories have declined below the range of the last five years. The oil forward curve is currently in backwardation, meaning the near-term oil market is undersupplied. While this is an obvious near-term positive for our business, the success of the longer-term energy transition would be best served in a more stable investment environment. In the midst of this, we see a clear role for Jadestone to play, minimising emissions while maximising recovery from already discovered resource, providing affordable energy to support Asia-Pacific economies.



## Asset review

### Montara

At Montara, the focus during 2021 was on the planning and safe execution of the work programme, which comprised the drilling of the H6 infill well and the workovers of the two Skua field subsea wells to rectify well bore integrity issues. Although the programme took longer and was more expensive than originally expected, it had a successful conclusion, with the H6 well in particular delivering impressive rates during initial testing, and it has already achieved payback in approximately seven months.

During H1 2021, there was an unplanned shutdown at Montara to replace a significant number of critical valves on the Montara Venture FPSO. This 16 day valve replacement work programme resulted in 102,000 bbls of deferred production.

Our health and safety performance at Montara was satisfactory, with no fines for regulatory non-compliance and no reportable environmental incidents. However, we were above target on both regulatory notices and the total recordable injury frequency ratio, and this will be an area of renewed focus during 2022.

At Montara, the innovative offshore roster that was introduced during 2020 to maintain asset efficiency while meeting COVID-19 protocols reverted to standard offshore operating practices in late 2021. Across the period up to the end of 2021, production remained uninterrupted by labour and/or employee restrictions. Several of our employees also decided to relocate with their families to Western Australia to mitigate the impact of fluctuating border controls to their commute. I thank all of our offshore crew for their resilience, flexibility and understanding as we have navigated the challenges posed by COVID-19 to our offshore operations.

No drilling is planned at Montara in 2022. As part of Montara's three-to-four-year regular maintenance shutdown schedule, a three-week planned shutdown was originally planned for July 2022. However, the key workstream during this shutdown was the planned replacement of the gas turbine core, which was moved forward to February/March due to the compressor outage earlier in the year. As a result, the workscope for the shutdown has been significantly reduced and all remaining critical maintenance activities can be carried out by a shorter one-week turn-around which has now been scheduled for later in 2022. Rescheduling has the added advantage of avoiding competition for labour during the Australian offshore maintenance season, and a shorter shutdown allows for maximised oil production while oil price and premiums remain high. A small amount of carry-over work may result from this but to be clear, none of this will impact on the integrity or safety of the Montara assets.

The next major development activity on Montara is expected to take place in 2024, with the drilling of up to two further Skua infill wells.

### Stag

At Stag, production was broadly flat year-on-year, with natural decline offset by continued work to address the backlog of well workovers that had built up in 2020 during the early stages of the COVID-19 pandemic. We expect there will be a modest increase in operating expenditure during 2022 due to a once-in-three-years maintenance shutdown that occurred in April.

In the second half of 2022 we plan to drill two infill wells – a relatively low risk activity with attractive economics and which is expected to pay for itself in 18 months or less. The Stag investment is also efficient from a tax perspective, as the cost of the wells is immediately tax deductible.

Stag's low sulphur medium-heavy crude oil continues to be in demand as a blending agent for bunker fuels in the shipping industry. As a result, Stag cargoes have continued to attract strong premiums. Cargo premiums during 2021 ranged between US\$8.30/bbl and US\$13.88/bbl above Brent, averaging US\$11.30/bbl. The first Stag cargo of 2022, lifted in early April, achieved a premium of \$23.72/bbl and an overall realisation of US\$128.12/bbl.

### Peninsular Malaysia

In August 2021, we completed the acquisition of a collection of shallow water assets offshore Peninsular Malaysia (the "PenMal Assets") from SapuraOMV. Inclusive of agreed adjustments, Jadestone received cash of approximately US\$9.2 million on completion – a very attractive outcome for a portfolio of assets which will be an important contributor to Jadestone's reserves and financial performance.

From completion, our focus has been on integrating these assets and their workforce into our organisation and thoroughly reviewing the cost base and potential upside opportunities.

We believe there is scope to add incremental value to the PenMal Assets in the near-term through both reservoir optimisation and production optimisation/enhancement activities across the PM323 and PM329 operated licences.

Gas reinjection is expected to be a key part of reservoir optimisation. Production enhancement has been initially focused on restoring idle wells to production, while ongoing production optimisation is focused on both gas lift and topsides processes. Plus, there are infill development well opportunities at East and West Belumut and East Piatu fields.

While the performance of the operated PenMal Assets has been encouraging, the non-operated assets have not performed in line with expectations. The non-operated assets have been offline since February 2022 due to the Bunga Kertas FPSO failing its class inspection and also a blockage in an intra-field pipeline. We anticipate that these issues will be rectified within the third quarter of 2022.

The PenMal Assets acquisition provides us with a strong operating platform in Malaysia, a country that senior Jadestone employees know well from previous industry roles. Over the past several months we have been reestablishing contacts across the country's upstream sector, which leaves us well positioned to expand our footprint in the country over time.

## Lemang PSC

During 2021, we made significant progress in the pre-development phase of the Akatara gas project within the Lemang PSC onshore Indonesia. In December 2021, a gas sales agreement for the Akatara gas field was signed, a key milestone less than 12 months after closing the acquisition of the original stake in the Lemang PSC – testament to the hard work, rigour and focus of our project team in Jakarta. The development of the Akatara gas field will not only displace coal in Indonesia's energy mix, thereby assisting the transition to a lower carbon economy, but will also deliver LPG for domestic use in the local market.

On 24 November 2021, we announced the acquisition, subject to customary approvals, of the remaining 10% interest in the PSC. Through this transaction, which is expected to complete in Q3 2022, our interest in the Lemang PSC will increase to 100%, pre local government back-in rights.

Once onstream, Akatara will support our growth strategy, while at the same time increasing the proportion of gas in our production mix. Fixed-price, low-opex gas production provides a balance to our existing oil assets, and will have the added benefit of reducing the GHG emissions intensity of the Group's operations.

In the near-term, Jadestone expects to award the EPCI contract for the Akatara field development. This will pave the way for a project sanction decision, which would allow for 16.8 mmbob of net resource associated with the project to be booked within Group reserves, and for development activity to accelerate. The Akatara gas project remains on track for first gas in H1 2024.

## Vietnam

Disappointingly, there was little progress on the planned Nam Du/U Minh gas development offshore Vietnam during the year. Where possible, we continued to engage with Petrovietnam ("PVN") over the terms of a gas sales agreement, although PVN has had to prioritise short-term issues caused by a combination of COVID-19-induced subdued energy demand and costly gas imports indexed to crude oil.

Nonetheless, the compelling logic for the development of the Nam Du/U Minh gas discoveries is understood by all key stakeholders in the project, including the Vietnamese government and PVN. Recently, we have engaged directly with the government in an attempt to move the project forward. We believe that development of the Nam Du/U Minh gas fields will increase Vietnam's energy independence, reduce energy import costs, support the country's growing economy, and assist in the country's energy transition following Vietnam's recent commitment to carbon neutrality by 2050.

## Maari

Our planned acquisition of a 69% operated interest in New Zealand's Maari project did not complete in 2021. This was a source of frustration for the team, given the significant time and effort expended to provide the New Zealand government with comfort on Jadestone's operatorship of the project, as well as the delays in implementing the development activity we believe is required to maximise the remaining potential of the asset.

In late 2021, the New Zealand parliament passed the Crown Minerals Amendment Bill, which, amongst other things, introduced a trailing liability regime for upstream licensees in the country. During 2022 year-to-date, we have been working to address additional questions and requests from New Zealand's upstream regulator as it applies the new legislation. While the timetable to completion remains out of our hands, Jadestone and the seller, OMV, remain committed to this transaction.

## Reserves

As at 31 December 2021, Jadestone had total independently evaluated 2P reserves of 44.7 mmbob, compared to 37.1 mmbob at the end of 2020. The year-on-year increase reflects the booking of 11.2 mmbob for the PenMal Assets at year-end, partially offset by production during the year.



## Financial results review

**In 2021, production averaged 12,545 boe/d, in line with guidance and approximately 10% higher than 2020, reflecting the initial contribution of the acquired PenMal Assets and the impact of the Montara activity campaign towards the end of the year.**

Sales volumes in 2021 totalled 4.6 mmmboe, an increase of 10% on 2020. The Group realised an average oil price of US\$74.34/bbl during the year, compared to an average Brent price of US\$70.94/bbl. The average realised oil price in 2021 represented a 66% increase on 2020, as oil prices rose in line with a recovering global economy. With no hedged barrels in H2 2021 or beyond, the full benefit of higher oil prices has been accruing directly to the Company and its shareholders. As a result of the increase in sales volumes and higher realisations, the business generated US\$340.2 million in net revenue, an increase of approximately 56% on 2020, and a record for the Group.

Reported production costs excluding depletion, depreciation and amortisation, were US\$206.5 million in 2021, a significant increase on 2020 primarily due to the subsea workovers on the Skua wells, the initial contribution of the production costs associated with the PenMal Assets acquired during the year, a rephasing of costs from 2020 due to the Project Clover initiatives, adverse exchange rate moves and higher repairs and maintenance spend at Montara and Stag.

On an adjusted basis, which excludes workovers and non-recurring items, unit cash operating expense<sup>1</sup> was US\$26.22/boe for 2021, which was within the guidance range set at the beginning of the year.

Workover expense will be significantly reduced in 2022, albeit the impact on reported production costs will be partly offset by a full-year contribution to from the PenMal Assets.

Adjusted EBITDAX<sup>1</sup> was US\$157.9 million, excluding the Skua workovers in 2021 which will not be repeated in 2022. The Group reported a loss after tax of US\$13.7 million, a significant improvement from the 2020 loss after tax of US\$60.2 million, even before taking into account the Skua workovers.

We generated US\$96.6 million of cash flow from operations before working capital changes. During 2021, our capital expenditure totalled US\$56.0 million, the majority of which comprised the costs of drilling the H6 infill well on the Montara field.

In early 2021, the Group made the final scheduled payment on its reserves based loan, at which point the Group became entirely debt free. Dividends paid during the year totalled US\$7.7 million, representing the final portion of the Company's maiden dividend and the interim 2021 dividend.

Overall, net cash increased by US\$35.7 million, or 43%, during the year, resulting in a year-end net cash position of US\$117.9 million.



<sup>1</sup> Unit cash operating expense and adjusted EBITDAX are non-IFRS measures and are explained on pages 72 to 73.





## Outlook

2021 was a year when we delivered on our growth strategy through the Montara activity programme, the PenMal Assets acquisition and significant progress on the Akatara gas development. Combined with recovering oil prices, this delivered a significant increase in our cash position, underpinning 2022's activity and also strengthening our ability to execute further inorganic growth in the future.

We remain confident that as the energy transition accelerates, there will be further opportunities to leverage our skillset to acquire upstream assets with upside potential through reinvestment and performance optimisation. We need to show patience and stick to the rigorous investment principles that have been the bedrock of our success to date. Going forward, the GHG profile of upstream assets will become an increasingly important factor in our business development activities.

When reviewing growth opportunities, we are seeing increased regulatory scrutiny in Australia and New Zealand on the funding of decommissioning obligations, which is already slowing the disposal of assets from major and large independent upstream companies. We will work creatively to find common ground with regulatory authorities on our approach to decommissioning funding, although going forward this is likely to be a more important consideration in the regulatory approval process than it was in the early stages of our growth.

Production in the first five months of 2022 has been impacted by the previously announced unplanned compressor outage at Montara, and a temporary shut-in of the non-operated assets in Malaysia due to class recertification issues with the leased FPSO. As a result, production in the first part of this year has averaged c. 15,700 boe/d, although in May we have seen production rates return closer to 17,000 boe/d. We therefore still expect 2022 average production to be within the 15,500 - 18,500 boe/d guidance range.

The final outcome for 2022 will be determined by ongoing activity to handle increased gas volumes at Montara (which longer-term may result in the installation of additional compression on the FPSO), the timing for re-start in production from the non-operated Malaysia assets and the impact of the Stag infill drilling programme in the second half of the year. It is worth noting that additional compression at Montara will not only increase oil production, but also allow for more gas to be reinjected into the Montara field, thereby reducing the amount of gas being flared.

The conflict between Ukraine and Russia has led to significant volatility in oil prices during the first half of 2022. With oil prices averaging over US\$100/bbl year to date and the forward curve above US\$100/bbl to the end of 2022, Jadestone is set for a second consecutive year of meaningful cash generation.

This cash flow outlook, allied to Jadestone's already robust financial position, has allowed us to propose a final 2021 dividend of US\$6.25 million, which is a 25% increase on the second interim 2020 dividend paid in June 2021.

During 2022, we intend to redouble our focus on safety, and strive to deliver an improvement on our outcomes in 2021. This is a core focus for the leadership team during 2022.

Finally, but perhaps most importantly, the Net Zero target that we have committed to, as well as the focus on reducing our GHG footprint, provides clear evidence that we take climate change seriously and we intend to play a positive role in the energy transition. We believe these goals and growing our business are not mutually exclusive aims, given our focus on maximising recovery from existing fields over time and increasing the weighting of gas in the portfolio. We believe this strikes the right balance in delivering secure and affordable energy in parts of Southeast Asia, where either an energy shortage exists or where coal may be used as an alternative.

**A. Paul Blakeley**  
Executive Director  
President and Chief Executive Officer

### Brent oil price chart



# Market overview

## Oil markets

During 2021, the global economy continued its recovery from the initial impact of the COVID-19 pandemic, boosted by a roll out of vaccines and the gradual relaxation of lockdown restrictions around the world. While this wasn't geographically uniform, it resulted in a broad-based increase in global economic activity during the year, which had a commensurate positive impact on demand for oil.

The International Energy Agency ("IEA") currently estimates that oil demand in 2021 was 97.5 mmbbls/d, compared to 91.9 mmbbls/d in 2020, an increase of 5.6 mmbbls/d, or 6%. The IEA also estimates that demand will increase further in the near-term, averaging 99.4 mmbbls/d in 2022. This increase in demand has not been matched by supply, chiefly due to a measured pace of increase from the OPEC+ group of countries, gradually restoring output from the pandemic cuts in 2020, and a general trend of under-investment globally over the last several years.

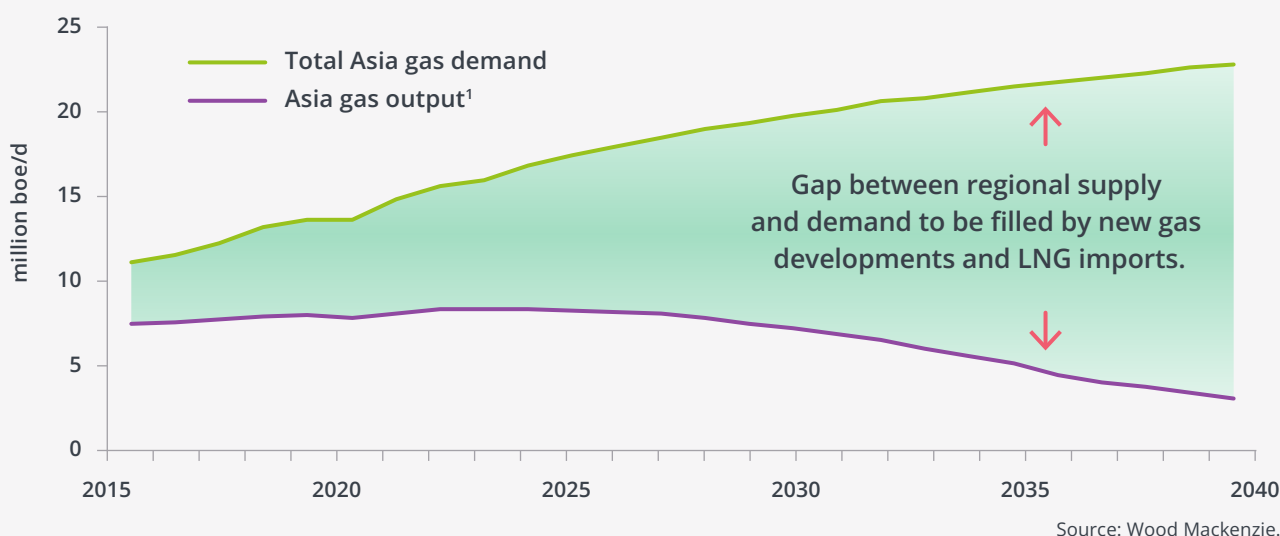
As a result, total oil stocks (crude and products) declined significantly in 2021 and continued this trend in 2022. At the end of March 2022, OECD stocks were significantly below their five-year average, according to the IEA. Oil prices reacted to this mismatch between demand and supply by averaging US\$70.86/bbl in 2021, compared to US\$41.96/bbl in 2020. Prices have risen further still in 2022 and spiked in early March 2022 following Russia's invasion of Ukraine. For the first four months of 2022, Brent oil prices averaged US\$107.72/bbl. As at 30 May 2022, the oil futures strip was implying that Brent oil prices will stay above US\$65/bbl through the current decade.

Our Australian oil production has historically sold at a premium to Brent. Stag crude cargoes sold in the range of US\$8.30 – 13.88/bbl premium during 2021, with the crude continuing to be in high demand given its low sulphur content, which makes it an attractive blend choice for marine fuels. Montara premiums have also started to recover from their pandemic lows, with the fields' crude selling for a premium of US\$0.43 – 2.94/bbl to Brent during 2021. We have also seen our oil production from our recently acquired PenMal Assets selling at a premium to Brent.

In 2022 year-to-date, premiums have continued to strengthen: the Tapis premium to Brent (which is the basis for the pricing of Montara and the PenMal Assets oil sales) averaged US\$6.47/bbl in May, while the Stag April 2022 lifting was agreed at a premium of US\$23.72/bbl.



## Asia gas supply and demand outlook



## Gas prices

Natural gas currently makes up a modest proportion of Jadestone's production and revenues, with approximately 1,000 boe/d net of gas production from the PM329 PSC offshore Malaysia. The price of this gas is linked to fuel oil prices.

Benchmark global gas prices rose significantly in 2021, as economies and energy demand recovered from the COVID-19 pandemic, while supply lagged behind due to a prolonged period of underinvestment by producers over the past several years. Low European gas inventory levels, adverse weather conditions on the continent for renewable energy output and a move away from coal-fired plants meant significant competition for natural gas supplies during 2021. Prices rose sharply in early 2022, immediately before and after the start of conflict in the Ukraine, given Russia's historical importance as a gas supplier to Europe.

Given the global competition for gas, Asian gas prices have followed European prices higher. In particular, gas import prices into Vietnam, which are linked to the price of oil, have also significantly increased over the past year. This enhances the attractiveness of the Nam Du / U Minh project, which would not only supply gas to Vietnam at prices considerably less than what the country is paying for gas imports now, but also provide domestic energy security relative to potential import shortages in the future.

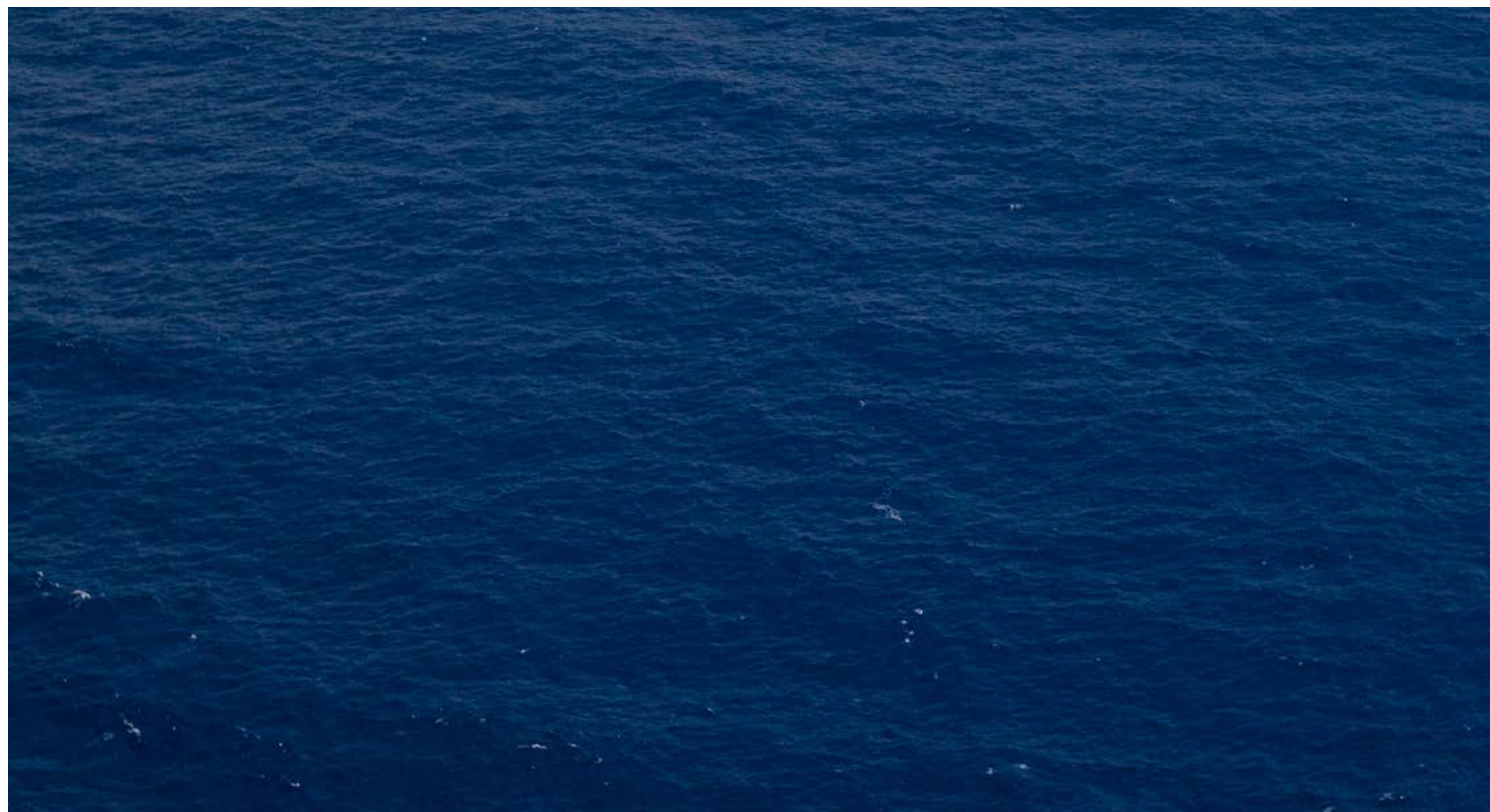
## Asia-Pacific Energy Markets

The Asia-Pacific region, led by China, continues to be the main driver of global energy demand. According to the BP Statistical Review of World Energy 2021, Asia-Pacific comprised 46% of global primary energy consumption in 2020, with regional demand increasing by 3.3% per annum between 2009-19, the highest rate of all regions. Furthermore, the IEA projects that Asia-Pacific's share of energy consumption will stay above 40% by 2050 in several climate scenarios.<sup>1</sup>

Crude oil is a global commodity, with the characteristics of the crude and its price being primary drivers of purchasing strategies amongst oil consumers in Asia-Pacific. However, security of supply is becoming an increasingly important factor, with crude oil consumers in the region spreading their imports out over several countries to avoid dependency on any particular producer. In this context and to maximise economic output, Jadestone anticipates that many countries in Asia-Pacific will continue to promote and support their domestic upstream industries, which is complementary to Jadestone's strategy of maximising the output from existing oil fields.

Despite increasing globalisation of gas flows in recent decades, a significant proportion of global gas production is consumed either domestically or regionally. According to Wood Mackenzie (see chart above), Asia-Pacific's gas demand is expected to increase significantly by 2040. At the same time, regional supply is expected to decline. This gap will be partially filled by LNG imports, although development of regional gas resources will be important to meet demand, as well as ensuring that Asia-Pacific energy security isn't undermined. Jadestone intends to capitalise on this trend of maximising regional gas production, by commercialising the existing gas resources in its portfolio, as well as more broadly increasing the weighting of gas in its portfolio over time.

<sup>1</sup> International Energy Agency | World Energy Outlook 2021, page 322.



### Costs and lead times

Fiscal policies enacted by governments to cushion the impact of COVID-19, as well as supply chain disruptions and strong consumer growth, have collectively led to a broad-based increase in inflation through 2021 and into 2022.

During 2021, there was no meaningful sign of cost inflation in Jadestone's supply chain. In 2022, we expect that higher fuel costs will feed through into the cost of logistics support (principally helicopters and supply vessels) for our Australia and PenMal Assets. Diesel, the price of which has also increased significantly so far in 2022, represents a small portion of our operational expenditure and is mainly used to satisfy operational power requirements on our offshore assets during planned shutdowns.

Elsewhere, there are some early signs of cost inflation in the drilling services sector across the Asia-Pacific region and a marked increase in lead times for drilling-related consumables, although this is not anticipated to have a meaningful impact on the timing of drilling activity on the Stag field scheduled for the second half of 2022.

Jadestone's principal currency exposure is from movements in the Australian dollar against the US dollar. Around 80% of Jadestone's Australia operating expenditure in 2022 is expected to be incurred in Australian dollars. Over the last decade and a half, a weakening US dollar has tended to be positively correlated with a strengthening oil price, providing a degree of natural FX hedging for Jadestone. However, this relationship has reversed in recent months, although it is too early to say whether it is part of a sustained trend.

### Mergers and acquisition ("M&A") activity and the energy transition

There is now an established trend of large, publicly listed, oil and gas companies disposing of mid-life/maturing assets as part of their energy transition strategies, which see upstream portfolios funding the growth of low-carbon investment.

While these assets may not be material to larger companies, and therefore may not warrant the time or investment to maximise reserves recovery, reduce costs and reduce GHG emissions to extend their lives, they are a natural fit for Jadestone, providing these assets otherwise meet our rigorous acquisition criteria. According to Wood Mackenzie, in 2021, 24 separate M&A transactions with aggregate spend exceeding US\$30 billion were announced in Asia-Pacific, indicating a healthy market for M&A in our core area.



## Decommissioning

During 2020 and 2021, decommissioning, and in particular the ability of smaller companies to take over the decommissioning responsibilities of larger companies, has attracted greater scrutiny from regulators in Australia and New Zealand. This has arisen, in part, due to high-profile cases where the decommissioning responsibility for upstream assets has been assumed by the respective government following the financial collapse of a licensee.

In April 2022, the Australian government enacted a levy on all oil production in the country to pay for the decommissioning of the Laminaria and Corallina oil fields, following the collapse of the field's 100% owner and operator in 2019. This incident also led to a tightening in Australia's upstream decommissioning legislation, including trailing liability provisions (where previous licencees remain liable in the event existing licence holders cannot meet decommissioning obligations) and strengthened regulatory oversight to reduce the chances of a similar event occurring again.

In New Zealand, revised decommissioning legislation came into force in December 2021, introducing, amongst other things, trailing liability. These changes occurred in response to the permit owner of the Tui oil field going into receivership and liquidation in 2019, resulting in the New Zealand government assuming responsibility for the decommissioning of the field. The legislative change in 2021 imposes a statutory obligation on all current and future petroleum licence holders to decommission their wells and infrastructure, while also giving the regulator powers to periodically assess permit and licence holders' financial capability to meet their decommissioning obligations.

Jadestone believes that the New Zealand government's overhaul of the decommissioning regime is a central factor in the delays experienced in closing the Maari transaction. Furthermore, the Group believes the funding of decommissioning liabilities is becoming an increasingly important factor in the sale process for upstream oil and gas assets in Australasia.

The PenMal Assets acquired in 2021 follow a different model of decommissioning funding. The estimated cost of decommissioning facilities is funded over the life of field through an annual payment, which is cost recoverable, with the estimated cost of PenMal Assets facilities decommissioning already funded. The cost of decommissioning wells is incurred as required and is also cost recoverable.

While Jadestone's business model is focused on prolonging the life of the upstream assets it acquires, thereby pushing out the date of decommissioning, the Group takes its decommissioning obligations seriously, and fully reflects forecast decommissioning costs when performing the commercial assessment for potential acquisitions, as well as for corporate planning purposes. While Jadestone expects regulators to assess its financial strength as part of the approval process for new acquisitions, we do not currently expect this to significantly impair our ability to grow through acquisition, given our strong balance sheet and the forecast cash flows from our asset base at prevailing oil prices.



## OUR VALUES



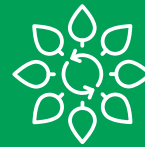
Integrity



Safety



Passion



Sustainability



Respect



Balanced portfolio



Value creation



Results-oriented



Minimised  
environmental  
impact



Production growth



Supplier  
partnerships



Shareholder returns



Tax payments  
to host countries



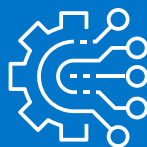
Cash flow growth



Employee remuneration  
and benefits



Deep experience  
of Asia-Pacific  
upstream industry



Rigorous technical  
approach



Operating capability



Strong balance  
sheet



Reducing competition

EXECUTION OF STRATEGY

**Jadestone**  
Energy

## OUR EDGE

# Business model and strategy

Jadestone pursues an acquisition led strategy with a focus on mid-life producing assets and/or discovered resource capable of being commercialised within a short time frame. The Group's strategic focus is on select key upstream basins in the Asia-Pacific region. Target assets are those where Jadestone believes it can create value through additional capital investment across oil price cycles to unlock reserves upside and improve operating performance. This is complemented by organic growth activity, principally through its two gas developments onshore Indonesia and offshore Vietnam, which Jadestone is aiming to commercialise in the near-term.

Jadestone believes that with the application of its deep knowledge of the Asia-Pacific upstream oil and gas industry, a rigorous technical approach, proven operating capabilities, a strong balance sheet and reduced competition for target assets, it can execute this strategy successfully and deliver benefits to all stakeholders.

Jadestone also recognises that the oil and gas industry is a key source of GHG emissions, the main cause of climate change, which in turn is having a negative effect on our planet and its people. As a result, the world's energy mix needs to transition towards a lower-carbon future, albeit this transition is likely to be one where oil and gas will remain important components of the global energy mix until the low carbon energy system is sufficiently developed.

In this context, Jadestone has assessed whether its current corporate strategy is suitable and resilient in the face of the energy transition.

The Group's strategy for maximising reserves from existing producing oil and gas fields explicitly precludes frontier exploration, which Jadestone believes is unnecessary in the scenario where oil and gas demand is declining as low-carbon energy takes a greater share of the primary energy mix.

The typical profile of Jadestone's counterparties in asset transactions are larger upstream companies for whom mid-life producing assets are natural divestment candidates to fund their own energy transition strategies. As a result, the energy transition is likely to result in more opportunities coming to market, increasing the probability that the Jadestone's strategy will be successful.

Jadestone believes that the energy transition should be just and orderly, with developing and vibrant economies in Asia-Pacific not being disadvantaged relative to their developed peers. Through direct employment and contractors, significant expenditure with suppliers, payments to host governments and its charitable donations and community outreach programmes, Jadestone contributes directly to increasing prosperity and economic growth in its core areas of operations.

Jadestone recognises that it needs to reduce the GHG footprint of its operations. Over the course of 2021 and early 2022, work was undertaken on the Group's GHG footprint and the potential impact on the business of physical and transition risks associated with climate change. More detail on this process can be seen in the Sustainability Review on pages 33 to 38 of this report and in the separate 2021 Sustainability Report.

The outcome of this work was a formal commitment, announced in June 2022, to reduce Scope 1 and 2 GHG emissions from its operated assets, and making GHG emissions an important consideration in its business development activities. Jadestone has committed to a target of Net Zero Scope 1 and 2 emissions from its operated assets by 2040, with a detailed roadmap and interim milestones to be set out during 2023.

In conclusion, Jadestone believes that it can continue to execute its strategy and grow its oil and gas production for the benefit of all stakeholders, while reducing the impact of this growth on the environment by reducing GHG emissions as low as reasonably practicable.



# Jadestone's role in the energy transition

## Climate considerations are front and centre of the business strategy

Jadestone recognises the need for action to arrest the impact of rising temperatures caused by human activities, and specifically greenhouse gas emissions derived from the production and use of fossil fuels. We support the view that, as a result, the world's energy mix must diversify towards a low-carbon future.

In order to facilitate an orderly and just transition, we recognise that oil and gas continues to play a role in providing essential energy until the low-carbon energy system is sufficiently developed.

In line with the fossil fuel sectoral pathway in the 2021 IEA report on Net Zero Emissions (NZE) by 2050, Jadestone sees itself playing an important role in the energy transition, focused on maximising recovery from existing producing and discovered resource, rather than engaging in new exploration and major greenfield development activity.

Jadestone will provide responsible stewardship, deploying additional capital to maximise reserves recovery, improve operating performance and reduce GHG emissions and other environmental impacts, while maintaining a robust financial framework in order to safely decommission assets in line with regulatory requirements.

While the upstream GHG emissions intensity of maturing assets may be relatively high, once under Jadestone's ownership we plan to improve the environmental performance of acquired assets, so they operate with a reduced GHG footprint. We will work to support these claims with clear quantifiable evidence, across key areas of impact.

Through the development of domestic gas resource in South-East Asia, such as our gas projects in Vietnam and Indonesia, Jadestone will support the energy transition by displacing coal and/or other high-cost/high-emission alternatives while supplying the region with local, affordable energy and contributing to economic growth in the wider Asia-Pacific region.

Over time, gas will play an ever-increasing role in Jadestone's portfolio, underpinned by sound ESG credentials and with a clear focus on measuring and minimising fugitive emissions. Mitigating GHG emissions from our upstream operations will be a key pillar of Jadestone's strategy and underlines our approach to managing the climate risk exposure to the business.

In taking this approach, Jadestone believes that it can continue to execute on its strategy and expand its production base, even in scenarios of declining global oil and gas demand, as maturing upstream assets are released by the majors.

Frontier exploration has always been explicitly excluded from our corporate strategy – complementing a key finding of the IEA's Net Zero Emissions by 2050 report. However, in order to prolong the life of existing infrastructure and/or existing producing fields, Jadestone will continue to assess the potential for near-field tie-back opportunities across its licences.

In summary, Jadestone will play a role in promoting a just and orderly energy transition, supporting economic growth in the Asia-Pacific region, while reducing the GHG footprint of its oil and gas production in support of climate goals and a target of Net Zero GHG emissions by 2040.

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# Net Zero by 2040

**Jadestone is committed to achieve Net Zero Scope 1 and 2 GHG emissions for its operated assets by no later than 2040.**

This commitment covers Scope 1 direct emissions from the Group's existing operated assets as well as Scope 2 emissions from electricity purchased for its facilities.

The commitment also covers Scope 1 and 2 GHG emissions from future acquisitions, where Jadestone becomes operator.

Jadestone defines Net Zero as the state reached when its GHG emissions are reduced in line with the goals of the Paris agreement, and any remaining emissions that cannot be reduced further, are fully neutralised by like-for-like permanent removals.

Jadestone will achieve this target through a combination of the following:

- A focus on operational efficiencies;
- A reduction of flaring where Jadestone has operational control;
- An increasing share of gas in the production mix of Jadestone's portfolio over time;
- A focus on mitigating GHG emissions in the planning stage and in the development of new production streams; and
- For those emissions which are economically or technically difficult to eliminate, Jadestone will employ nature-based solutions and offsets, and where offsets are used, will ensure they are properly measured, verified, and represent permanent removal of carbon from the atmosphere.

Jadestone intends to review its Net Zero commitment over time to align with best practice methodologies informed by climate science.

Jadestone will expand its emissions reporting in the future to include Scope 3 GHGs, seeking opportunities to reduce Scope 3 emissions where the Group has direct control and/or influence.

## Net Zero roadmap

**A key element of Jadestone's Net Zero commitment will be the development of detailed emissions reduction roadmaps for its operated assets.**

Jadestone will publish a Net Zero roadmap in 2023 outlining the following:

Scope, baseline and methodology of the Net Zero target

Interim time-bound targets over the short and medium-term

Implementation plans and specific strategies informed by asset-level emission reduction frameworks over the short and medium-term

An estimate of the capital expenditures needed to deliver short-term goals





# Sustainability review

Sustainability is a core value for Jadestone and is central to its way of doing business. As a leading oil and gas development and production company in the Asia-Pacific region, Jadestone strives to deliver sustainable value for all of its stakeholders in a safe, secure, environmentally and socially responsible manner.

To emphasise its commitment to mitigate the environmental impact of its activities, in 2022 Jadestone announced a target to achieve Net Zero Scope 1 and 2 emissions from its operated assets by 2040.

The primary focus of this sustainability review is the operational performance of Jadestone's operated assets in Australia, Stag and Montara.

Jadestone will include GHG emissions and wider health, safety and environmental operational data for the PenMal operated assets in its 2022 reporting, when a full-year of performance data under Jadestone's operatorship will be available.

For more details relating to Jadestone's ESG reporting boundaries, please refer to the 'Reporting boundaries' section of the 2021 Sustainability Report.

This section is a summary of Jadestone's 2021 Sustainability Report, which is available at [www.jadestone-energy.com](http://www.jadestone-energy.com) and which provides a detailed overview of the Group's 2021 sustainability performance.

## 2021 ESG highlights



### Net Zero by 2040

firm commitment



### Zero

violations of anti-bribery  
and anti-corruption laws



### Zero

lost time injuries



### Zero

reportable  
environmental incidents



### Climate

scenario analysis as per TCFD



### 92%

local nationals employed



### Employee survey

measuring engagement levels



### ESG oversight

strengthened at Board level



### Regulatory approvals

for new operations  
and growth projects



### US\$25 million

paid in taxes and fees  
in Asia-Pacific



### 30% reduction

Oil-In-Water concentration



### GHG data

increased analysis and reporting



### Five-fold

increase in funding for  
community programmes



### Fugitive emissions survey

piloted at Stag



### Apprentice

programme participation









## Jadestone's ESG framework

As a responsible upstream operator, Jadestone contributes to an orderly energy transition by helping to meet regional Asia-Pacific energy demand whilst minimising the environmental footprint of its operations. In doing so Jadestone aims to bring positive social and economic benefits for its stakeholders, local communities and people associated with its operations.

Jadestone supports the UN Sustainable Development Goals ("SDGs"), which aim to address global challenges such as poverty, inequality and climate change.

Strategic pillar	Environment	Social & human capital	Leadership & governance
<b>ESG aspiration</b>	<ul style="list-style-type: none"> <li>Targeting Net Zero by 2040 through advancing GHG reduction initiatives for own operations in support of the aims of the Paris Agreement</li> <li>Delivering improved environmental performance compared to previous operator of acquired assets</li> <li>Delivering operational excellence through robust environmental management practices</li> </ul>	<ul style="list-style-type: none"> <li>Fostering community prosperity around own activities, including advancing sustainable development, livelihoods, good health and well-being</li> <li>Providing productive employment, championing worker health, safety and well-being</li> <li>Supporting governments in achieving the UN SDGs by aligning priorities and accelerating action</li> </ul>	<ul style="list-style-type: none"> <li>Robust governance on ESG issues</li> <li>Excellence in business ethics and commitment to transparency</li> <li>Resilient business model</li> <li>Meeting energy demand in the most efficient and sustainable way</li> </ul>
<b>Material topics</b>	<ul style="list-style-type: none"> <li>Environmental management</li> <li>GHG emissions</li> <li>Emissions and discharges</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> <li>Occupational health and safety</li> <li>Workforce management and diversity</li> </ul>	<ul style="list-style-type: none"> <li>Leadership and governance</li> <li>Climate change and business model resilience</li> <li>Business ethics and transparency</li> <li>Regulatory management</li> <li>Asset integrity and critical incident management</li> </ul>
<b>UN SDG alignment</b>	<p>Informed by IPIECA<sup>1</sup> guidance, Jadestone believes it can support several of the UN SDGs, either through its core business or through community engagement initiatives. These UN SDGs are outlined below and their associated impact pathways reflected within Jadestone's ESG aspiration.</p> <div> <div> </div> <div> </div> <div> </div> </div>		

1 IPIECA's SDG Roadmap for the oil and gas sector.

# Material ESG topics

## Materiality assessment process

For the third consecutive year, Jadestone conducted an assessment of its most material ESG topics. This year it has consulted the latest Global Reporting Initiative ("GRI") 11: Oil and Gas Sector standard when undertaking the assessment in an effort to communicate its impacts in a manner that is more useful and relevant to its key stakeholders.

Jadestone defines material topics in the context of ESG materiality assessments as those issues, that in the view of the Group and its external stakeholders, have the potential to significantly affect the Group's sustainability performance and therefore, affect stakeholder assessment, views and decisions.

## 2021 material topics

The 11 material topics, listed on the preceding page, resulted from the materiality assessment and form the basis of this report. The topics have been informed wherever possible by the likely material topics ("LMTs") as per the GRI11 sector standard, while also using the Sustainability Accounting Standards Board ("SASB") Oil & Gas – exploration & production standard where GRI could not be matched against Jadestone's ESG impact. In the absence of guidance from either framework, Jadestone developed its own approach in consultation with subject matter experts and based on industry practice.

In addition to the 11 material topics areas, such as decommissioning, waste, biodiversity, community engagement and modern slavery were discussed in the context of stakeholder expectations and increasing societal significance. These topics were not deemed significant for the period of 2021, however, they remain monitored closely as Jadestone's operational footprint continues to expand.

## ESG materiality assessment process





# Climate change and business model resilience

Climate change and energy transition represent a paramount challenge for the energy sector and society at large. Jadestone continues to assess the associated risks and opportunities, chartering a resilient path for its business through the energy transition. This section has been structured in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures.



## Governance over ESG and climate

Jadestone considers climate change and the transition to a low-carbon future as a key material risk to the business. As such, responsibility for the governance of climate change-related risks and opportunities within Jadestone rests with the Board of Directors. Jadestone's Board closely monitors climate-related risks and opportunities and engages with management to ensure that careful consideration is given to relevant climate change issues affecting the Group. The Board considers climate change impacts upon material matters such as capital expenditure, budgeting and overall corporate strategy.

Jadestone is continuously strengthening the Board's subject-matter expertise on climate change and wider ESG issues through engagement with external stakeholders and issue experts, ongoing research and regular discussions and debate.

Furthermore, monthly ESG briefings and specific ESG materials that support Board meetings have been broadened to ensure that Board decisions are further informed by useful ESG data and analysis.

### Board 2021 ESG & climate curriculum

<b>1</b>	<b>ESG fundamentals</b>
▶	ESG and corporate sustainability topics most material to oil and gas
▶	Emerging ESG trends
▶	Leading ESG frameworks of importance to oil and gas
<b>2</b>	<b>Climate change and energy transition</b>
▶	Climate fundamentals: the science, influential reports and developments
▶	Energy transition and associated risks & opportunities for oil and gas
▶	Climate action to fulfil growing expectations and regulatory demands
<b>3</b>	<b>ESG and climate governance</b>
▶	Director's duties and legal obligations
▶	Best practice governance principles
▶	Governance model for Jadestone

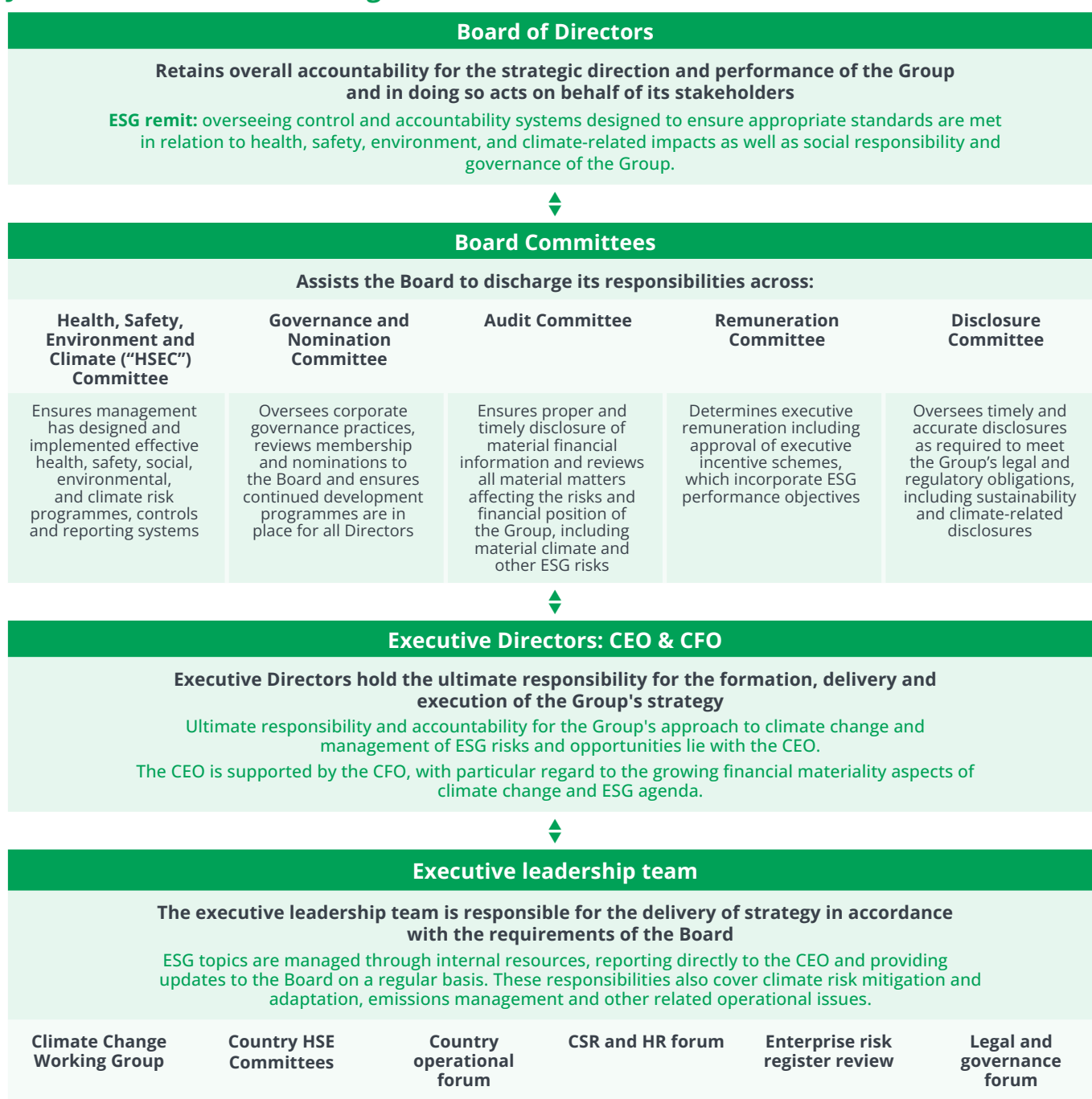
To reflect the increasing importance of climate change-related risks and opportunities, in tandem with a wide array of ESG topics, Jadestone's Board undertook an initiative in 2021 to update the Board Charter, as well as the terms of reference of the various committees. This step ensures climate change and wider ESG considerations are given greater prominence across all Board activities and committees.

At Jadestone, ultimate responsibility and accountability for the Group's approach to climate change lies with the CEO. The CEO is responsible for the identification and assessment of risks and opportunities, defining the strategy and approving action plans suitable to control and mitigate the identified risks, which include climate change-related risks. He is supported by the Climate Change Working Group and the ESG Lead as a Climate Risk owner, and engages fully with the Board on all actions related to climate change and the energy transition.

Climate and ESG performance targets form part of executive performance plans, which cascade from the CEO through to the executive leadership team and down further through relevant functions in the organisation.

Jadestone has allocated internal resources to manage the wide array of climate change issues (as well as other material ESG topics), including ESG Lead, Legal and Regulatory team, Investor Relations Manager, Country Managers, HSE team, Operations, Commercial and Supply Chain functions. These responsibilities cover a wide array of matters including emissions reporting and management, mitigation and adaptation, climate-related legislation, and GHG-related operational issues. Jadestone's ESG and climate governance structure is summarised below.

## Jadestone's ESG and climate governance structure







## Strategy

### Impacts of climate-related risks and opportunities

Jadestone's assessment of climate change-related risks and opportunities are outlined in the following tables, split between transition and physical risks (and organised according to the criteria outlined by the TCFD).

Jadestone defined time horizons listed above to help assess when the risks may initially manifest themselves. Jadestone continues to investigate and monitor transition risks that in the short-term and/or further in the future may become of high relevance to its business, seeking to quantify financial

#### Time horizons

<b>SHORT-TERM</b>	<b>&lt; 3 years</b>
<b>MEDIUM-TERM</b>	<b>3-10 years</b>
<b>LONG-TERM</b>	<b>&gt; 10 years</b>

impacts wherever feasible to further guide its assessment of risk materiality.

Each identified risk has been assigned appropriate management actions, which outline how the Group manages the potential impacts of climate-related issues on the business strategy and financial planning. The risk management methodologies underpinning the analysis are discussed on page 39.

Transition risk	Timeframe	Potential impact	Management action
<b>Access to finance for oil and gas projects becoming more restricted</b>	Short-term	<ul style="list-style-type: none"> <li>Restricted availability of debt and/or equity financing and resultant impact on the ability to fund acquisitions and/or to fully develop existing assets in an optimal timeframe</li> <li>Higher cost of capital</li> </ul>	<ul style="list-style-type: none"> <li>Transparent, robust GHG emissions disclosures</li> <li>GHG mitigation incorporated into funding model</li> <li>Prudent financial management (less debt, more self-funded capital strategy)</li> <li>Sustainability-linked financing initiatives, where cost of funds are linked to ESG outcomes</li> </ul>
<b>M&amp;A opportunity set will increasingly comprise higher emission fields</b>	Medium-term	<ul style="list-style-type: none"> <li>Increased capex required to manage emissions</li> <li>Difficulty in achieving climate targets</li> <li>May exacerbate other transition climate risks</li> </ul>	<ul style="list-style-type: none"> <li>GHG emissions analysis including carbon pricing impact on economics integral to inorganic investment strategy</li> <li>M&amp;A strategy in line with Jadestone's Net Zero commitment</li> <li>Focus on improving GHG performance of fields compared to previous operators on an absolute/intensity basis</li> </ul>
<b>Carbon tax implemented in host countries or regionally</b>	Short to medium-term	<ul style="list-style-type: none"> <li>Increased operating cost and/or tax expense</li> <li>Incentive to reduce GHG emissions further as economic justification for investments in emissions reductions becomes more compelling</li> </ul>	<ul style="list-style-type: none"> <li>Continue emissions reductions where possible to reduce exposure</li> <li>Monitor policy changes in core region/areas</li> <li>Assessment of climate scenario analysis and impacts built into asset valuations</li> </ul>
<b>More stringent emissions reduction standards enacted by governments</b>	Short to medium-term	<ul style="list-style-type: none"> <li>Increased capex required to manage emissions</li> <li>Curtailed field life if standards cannot be met</li> </ul>	<ul style="list-style-type: none"> <li>Emissions reduction initiatives and overarching framework for each asset to evaluate options</li> <li>Monitor and assess regulatory developments to anticipate exposure</li> </ul>
<b>Increased investment required to implement lower emissions technology on existing and new assets to meet climate targets</b>	Short to medium-term	<ul style="list-style-type: none"> <li>Increased capex and/or operating costs</li> <li>Impact on business case and investor perception</li> <li>Capital allocation diverted away from growth options and/or shareholder returns</li> </ul>	<ul style="list-style-type: none"> <li>Develop emissions reduction framework for each facility to strategically plan capex investment and operating cost</li> <li>Staged approach to mitigations, informed by a marginal abatement cost curve ("MACC")</li> </ul>
<b>Shareholder activism on climate grounds</b>	Short to medium-term	<ul style="list-style-type: none"> <li>Group climate strategy out of step with shareholder expectations might lead to activism and/or divestment</li> <li>May result in significant downward pressure on the share price</li> </ul>	<ul style="list-style-type: none"> <li>Clear climate strategy and Net Zero commitment, underpinned by well-defined short and mid-term targets</li> <li>Proactive shareholder engagement, clear messaging and reporting on Net Zero target</li> <li>Regular climate scenario analysis</li> </ul>
<b>Decrease in hydrocarbon price due to the impact of the energy transition on supply and demand</b>	Medium to long-term	<ul style="list-style-type: none"> <li>Undermines investment case and strategy</li> <li>Negative impact on share price</li> <li>Potential to accelerate repayments on any outstanding debt</li> </ul>	<ul style="list-style-type: none"> <li>Focus on Southeast Asia market, where energy demand is projected to increase according to most forecasts</li> <li>Regular climate scenario analysis that stress-tests the Group's portfolio under most stringent climate scenarios</li> </ul>

Transition opportunity	Timeframe	Potential impact	Management action
<b>Opportunity to serve major Asia-Pacific growth markets from existing mid-life assets</b>	Short to medium-term	<ul style="list-style-type: none"> <li>Asia-Pacific markets receive crude oil and natural gas from existing fields that are maximised for production whilst ensuring that associated GHG emissions are minimised</li> <li>Jadestone as an operator of choice in the region</li> </ul>	<ul style="list-style-type: none"> <li>Clearly defined business strategy that is centred around mid-life assets, which, prioritises improved environmental outcomes</li> <li>Focus on improving emissions performance of fields compared to previous operators on an absolute/intensity basis</li> <li>Net Zero strategy with interim targets</li> </ul>
<b>New business opportunities presented by energy transition</b>	Medium to long-term	<ul style="list-style-type: none"> <li>Opportunity to diversify and expand into technologies that stand to benefit from the energy transition</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of new technologies and business ventures in core regions looking for competitive returns compared with core business</li> <li>Engagement with industry associations and regulators on energy transition</li> </ul>

Physical risk	Impact	Response
<b>Acute risks (driven by climatic events)</b>		
<b>Physical risk to offshore facilities due to an increased frequency of tropical cyclones associated with climate change</b>	<ul style="list-style-type: none"> <li>Physical risk (damage) to facility</li> <li>Increased weather down time</li> </ul>	<p>Short-term:</p> <ul style="list-style-type: none"> <li>Site evacuations due to cyclones are governed by Jadestone's facility specific cyclone response plans, regardless of the frequency of events</li> </ul> <p>Medium to long-term:</p> <ul style="list-style-type: none"> <li>Extra downtime factored into financial planning or mitigating investments.</li> <li>Use of up-to-date climate modelling for risk and design assessments</li> </ul>
<b>Physical risk to supply chain and logistics due to tropical cyclones, coastal and pluvial flooding, extreme heat and water stress associated with climate change</b>	<ul style="list-style-type: none"> <li>Delay in receiving supplies, materials and equipment</li> <li>Increased cost of logistics services</li> </ul>	<p>Medium to long-term:</p> <ul style="list-style-type: none"> <li>Increased costs and mitigating investments factored into financial planning</li> <li>Contingency planning</li> </ul>
<b>Chronic risks (driven by longer-term shifts in climate patterns)</b>		
<b>Workforce health affected by increase in extreme heat days associated with climate change</b>	<ul style="list-style-type: none"> <li>Increase in worker stand down time</li> <li>Possible increase in first aid cases.</li> </ul>	<p>Short-term:</p> <ul style="list-style-type: none"> <li>Working in extreme heat is currently managed under existing HSE plans</li> </ul> <p>Medium to long-term:</p> <ul style="list-style-type: none"> <li>Extra downtime or additional manning can be factored into financial planning</li> </ul>

## Business resilience: climate scenario analysis

While some impacts of climate change are apparent in the short-term, its most significant effects are likely to emerge over the medium to longer-term, and their exact timing and magnitudes are uncertain. To help explore potential effects of climate change on Jadestone's business, corporate strategy and financial performance across those longer timelines, Jadestone commissioned a specialist advisory firm to develop a credible methodology for assessing the resilience of its portfolio to risks related to the transition to a low-carbon future, in line with the TCFD recommendations.

Jadestone then undertook a quantitative scenario analysis, testing the Group's portfolio<sup>1</sup> against a range of plausible and robust scenarios, including a 1.5°C scenario. The underlying assumptions and the results of the modelling are discussed below.

## Methodology

Out of the seven transition risks identified and listed on the preceding pages, the climate scenario approach covered two key risks identified as most likely to impact Jadestone's financial performance due to the transition to a low-carbon future: (i) possible changes to the price of hydrocarbons due to the energy transition's impact on demand and supply, and (ii) the impact of tighter carbon-related regulations through additional carbon taxes.

Demand scenarios described by the International Energy Agency ("IEA") in its 2021 World Energy Outlook ("WEO") formed the basis for the analysis, offering the necessary granularity of underlying data to run a robust quantitative exercise, while representing a "gold standard" among investors, policymakers and other key stakeholders.

The use of the IEA scenarios also enables some level of standardisation of stress-testing and more appropriate comparisons between companies. The specific scenarios discussed here comprise the following:

- **Stated Policies Scenario ("STEPS")**, which assumes policies and targets already announced by governments are enacted, but that there is no further policy development on climate change beyond this, and estimates an average temperature rise of 2.7°C by 2050;
- **Announced Pledges Scenario ("APS")**, which assumes full implementation of countries' pledges announced under the Paris Agreement and updated ahead of COP26 in Glasgow, and estimates an average temperature rise of 2.1°C by 2050; and
- **Net Zero Emissions Scenario ("NZE")**, which sets out a narrow but achievable pathway to reach Net Zero emissions by 2050, and projects a 50% chance of limiting global temperature rise to 1.5°C by 2050 without a temperature overshoot.

STEPS is underpinned by policies and targets already announced by governments and therefore represents the current best external estimate of oil supply and demand trends, and was therefore utilised as Jadestone's base case for the purposes of modelling the impact of lower-demand in the APS and NZE scenarios<sup>2</sup>.



The IEA's scenarios represent a range of possible outcomes for future demand for oil and gas, globally and in the Asia-Pacific region, through to 2040<sup>3</sup>, as depicted in the charts on the following page. The IEA's NZE, released for the first time in 2021, reflects a rapid decline in fossil fuel demand, an accelerated deployment of low-carbon technologies and significant behavioural changes that reduce energy use.

The methodology went beyond the demand assumptions inherent in the IEA's scenarios and included assumptions on how the upstream industry might respond to the energy transition and how this could impact supply. This included a view on industry indiscipline, which may lead to suppliers aggressively competing for market share, and a view on the disruptive impact of the COVID-19 crisis on investment levels and production decline. The model then combined demand and supply-side assumptions to develop a robust understanding of how hydrocarbon prices in different markets might be impacted (see Figure 5 on page 36).

1 Current producing assets as well as future committed assets and developments have been included.

2 STEPS specifies oil price forecasts in real terms for 2030 and 2050. Annual oil price forecasts in the intervening years were estimated by Jadestone's climate advisory firm, with oil prices in the years prior to 2030 estimated by Jadestone based on consensus oil price estimates derived in January 2022.

3 The analysis was limited to 2040 due to Jadestone's production projections currently having a similar cut-off point.

## Future demand for oil and gas, according to IEA scenarios

Figure 1

### World oil demand in alternative scenarios

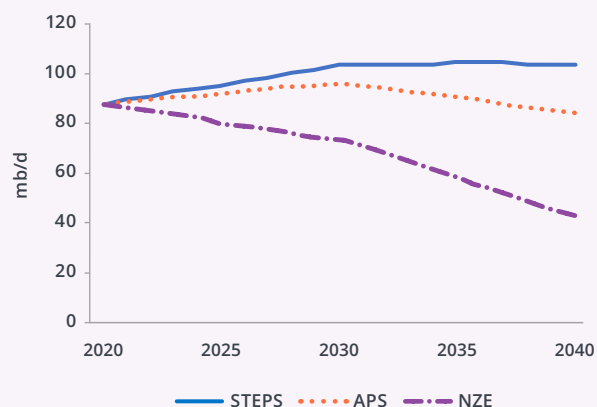


Figure 2

### World gas demand in alternative scenarios

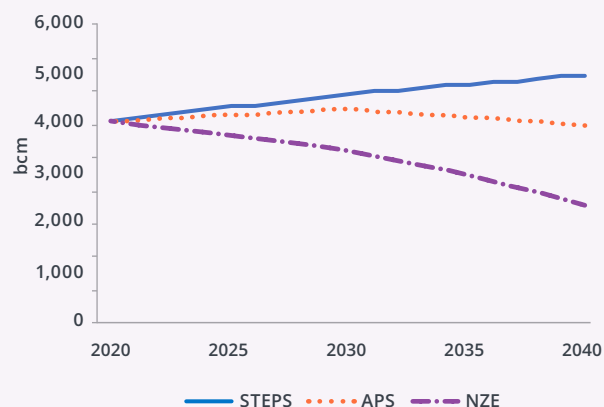


Figure 3

### Asia-Pacific oil demand in alternative scenarios

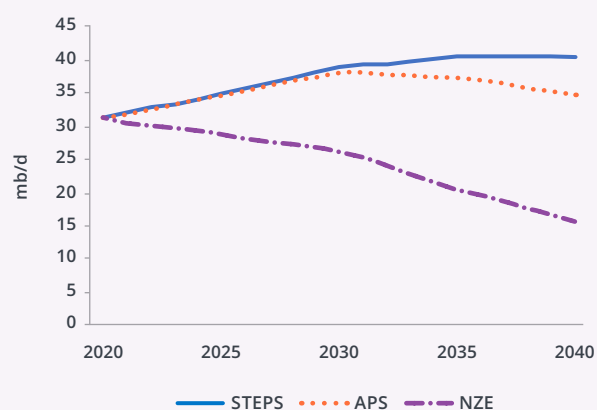


Figure 4

### Asia-Pacific gas demand in alternative scenarios

NZE does not include gas demand forecast for Asia-Pacific

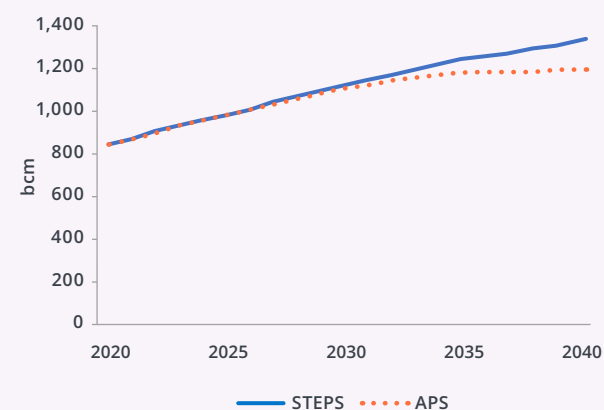
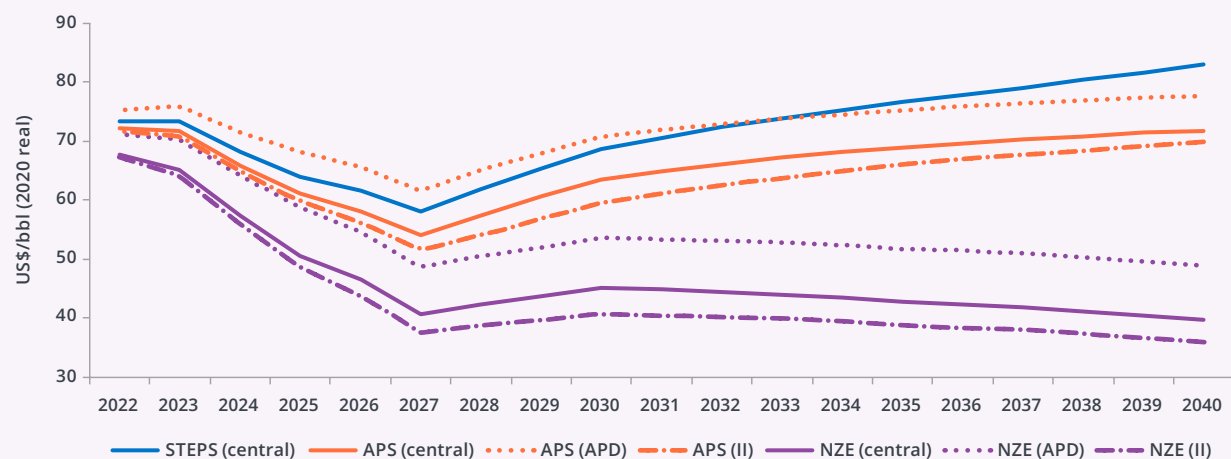


Figure 5

### Oil prices in alternative demand and supply-side scenarios



Source: IEA, Jadestone analysis.



Beyond the impact on commodity prices as a result of reduced demand (in APS and NZE), Jadestone also considered the effect that potential carbon taxes within the various jurisdictions of its operations might have on its portfolio.

This allowed an estimation of how carbon taxes could differ in certain climate-related scenarios from business-as-usual tax assumptions and thus isolate the effect of the climate scenario on carbon taxes for different geographies.

## Results

Jadestone defines financial resilience as the ability to fund planned activity across its existing portfolio in periods of lower oil prices without compromising the Group's financial strength. In practice, this means generating sufficient cash flow from its assets to fund, along with existing cash resources, planned operating and capital investment and delivering acceptable returns. Jadestone adopts a flexible financial framework, assessing planned activity over a multi-year period and the associated funding requirement.

As a result, and in the context of the climate scenario analysis, Jadestone believes that operating cash flow is the most appropriate metric on which to judge resilience, as this will directly impact its ability to fund planned activity.

The impact on operating cash flow of the climate scenarios is displayed in the table on page 38, split out over the short-term, medium-term and long-term time periods.



## Climate scenario methodology – underlying assumptions

### 1 Energy transition risks most likely to impact Jadestone's asset valuation:

- Changes to the price of hydrocarbons due to the impact on demand and supply in the energy transition
- Additional direct carbon costs

### 2 Scenarios: demand-side assumptions

- STEPS as demand base case scenario with short-term pricing alignment using third-party estimates

### 3 Modelling industry response: supply-side assumptions

- Central - industry remains disciplined and new production comes online as required to meet projected demand under steady change rates
- Accelerated Production Decline ("APD") - pull-back in investment and a subsequent accelerated decline in productive capacity
- Industry Indiscipline ("II") - suppliers compete aggressively for market share, leading to a minimised supply-demand gap and even surplus on some occasions

### 4 Translating the impact of demand and supply scenarios on hydrocarbon prices

- The impact on hydrocarbon prices was modelled in the form of price deltas to isolate the effect of the energy transition on hydrocarbon prices from other assumptions

### 5 Tax on carbon emissions

- Based on historical GHG emissions and the IEA's views on carbon tax developments across jurisdictions and scenarios
- Included in the model as an additional operating cost and a proxy for carbon-related risk

## Operating cash flow impact (vs. STEPS central)

Scenario	Short-term	Medium-term	Long-term
Announced Pledges Scenario (Central)			
Announced Pledges Scenario (AD)			
Announced Pledges Scenario (II)			
Net Zero Emissions by 2050 Scenario (Central)			
Net Zero Emissions by 2050 Scenario (APD)			
Net Zero Emissions by 2050 Scenario (II)			

Low impact	<=10%	Time horizons	SHORT-TERM	< 3 years
Moderate impact	10-25%		MEDIUM-TERM	3-10 years
High impact	>=25%		LONG-TERM	> 10 years

The scenario analysis suggests that Jadestone would see a negative impact on operating cash flow in most scenarios, although in the majority of outcomes the impact is either low or moderate. Only in the most ambitious NZE climate scenario where industry indiscipline on supply occurs would operating cash flows be negatively impacted by more than 25%, and only in the long-term (i.e. more than 10 years from now).

It should be noted that the carbon tax assumptions in the scenario analysis were applied to an unmitigated GHG emissions profile of the Group's current asset portfolio, and therefore do not take into account any actions which may be taken to reduce or offset these emissions over the time horizons analysed. Furthermore, lower oil price scenarios may result in a deflationary environment for Jadestone's purchased goods and services, which is not reflected in the scenario analysis, and which may also offset the negative impact on cash flows.

Over the time periods assessed in the scenario analysis, natural gas, both through domestic production and imports, is likely to play an important role as a transition fuel in several Asia-Pacific energy markets. This trend would underpin Jadestone's strategy to increase the share of gas in its portfolio by acquiring and/or developing regional gas assets. This would increase portfolio diversification and may reduce the sensitivity of the Group's financial performance to oil prices.

Furthermore, Jadestone is taking proactive steps to manage its exposure to climate-related risks, as outlined in its Net Zero approach on pages 24 to 25.

It should be noted that Jadestone interprets the climate scenario analysis results as one element of wider internal strategic discussions.

Overall, Jadestone believes the potential impact on its cash flows in the climate scenario analysis is manageable and would not materially undermine the ability to execute its strategy of accretive growth in the Asia-Pacific region, nor to continue to create shareholder value.



## Risk management

The Group manages its principal risks and uncertainties via its enterprise risk management framework, which incorporates Jadestone's Risk Management Policy and risk register matrix. The framework provides an enterprise-level view of risk, establishing a systematic process for the identification, assessment and management of material risks, including definition of accountability.

The Risk Management Policy is owned by the CEO, who will delegate responsibility to the CFO, Country Managers, and functional heads including the Group Operations Manager. The Board regularly reviews the principal risks and defines the KPIs based on acceptable risk levels. The Board assesses material risks quarterly with a full review of the risk matrix at least twice per year.

Climate-related risks and opportunities are identified, assessed and managed under Jadestone's enterprise risk management framework, and reviewed by the Board as part of the regular risk review.

In 2021 Jadestone conducted a detailed transition climate risk and opportunity analysis, supported by specialist climate risk consultants. The analysis was carried out at a country-level first, ensuring that geographical differences/nuances to the energy transition context were well understood and appreciated before informing a corporate view of risk exposure. Regional analysis was followed by a Leadership CCWG workshop, where the results of country sub-groups were summarised and analysed from Group-level perspective.

In order to assess the physical risks Jadestone may face due to climate change, a specialist environmental consultancy was commissioned to undertake a high-level portfolio screening and assess the range of potential physical climate-related risks and opportunities that may be present across a selection of Jadestone's current and future assets. The screening covered key asset types across Jadestone's portfolio and assessed their exposure to a set of hazards such as cyclones, extreme heat and flooding. The methodology applied is described in the Risk management section of the 2021 Sustainability Report.



## Metrics and targets

Financially material climate-related risks, where feasible, are assigned metrics to allow for risk exposure monitoring. These include asset and Group level:

- Scope 1 GHG absolute emissions;
- Scope 1 GHG emissions intensity;
- Scope 1 GHG emissions by source;
- Carbon tax in countries of operation; as per current and/or announced legislation and projecting future pricing;
- Capex and opex associated with decarbonising assets.

Jadestone also monitors its Scope 2 emissions from electricity used in its offices and is committed to increasing its understanding of Scope 3 emissions associated with the activities in its value chain.

GHG emissions metrics are also assessed during new opportunities' screening as part of business development due diligence.

For trend analysis of key GHG metrics, please refer to section Greenhouse gas emissions on pages 42 to 44.

Jadestone is committed to climate-related targets listed below, which will set it on course to delivering on its Net Zero commitment:

- Develop a Net Zero decarbonisation plan based on facility emissions reduction review;
- Undertake a review of GHG emissions across the value chain (Scope 3) to further underpin GHG data integrity;
- Conduct a fugitive emissions survey at the Montara asset;
- Incorporate climate-related risk analysis into Jadestone's investment strategy; and
- Continued improvements across the four pillars of the TCFD in line with regulatory requirements and best practice.



# Environmental management

Effective environmental management is central to Jadestone operations and goes beyond the “license to operate” considerations. The Group is committed to ensuring it acts as a responsible steward over the assets it acquires and develops. It applies a precautionary principle to its activities and seeks to minimise any negative impacts on the environment by carefully managing its operational performance through a set of targeted KPIs. Jadestone is committed, at a minimum, to complying with all environmental laws and regulations in all the countries in which it operates.

## Jadestone’s HSE management system (Australia)

Corporate level	Corporate HSE plan	HSE policy	Legal obligations	
Asset level	Environmental impact statements	Environmental plans	Oil pollution emergency plans	Safety cases

Environmental risks in Jadestone’s Australian operations are managed alongside health and safety considerations, through the overarching Health, Safety and Environment Management System (“HSE MS”). The system is aligned to the principles of the ISO14001 standard, ensuring that there are processes and practices in place to manage environmental impacts, risks and performance whilst meeting legislative and corporate requirements. Key roles and responsibilities of implementing the HSE MS and associated environmental management tasks include monitoring, auditing, incident preparedness and response and continuous improvement, are outlined in comprehensive environment plans developed for each operational asset in alignment with regulatory context and legal requirements. In addition, Jadestone applies a comprehensive compliance assurance programme to demonstrate that its environmental performance is as intended.

Despite continual challenges presented by the global pandemic, Jadestone maintained operational performance across the key areas of environmental impacts, with zero reportable<sup>1</sup> environmental incidents at its operating facilities and no environmental high potential incidents recorded during the reporting period.

As Jadestone continues to expand its business, these environmental standards, policies and practices are continually established in alignment with standards of local jurisdictions, for all operations. Jadestone will continue integrating new assets into its overarching HSE management framework, ensuring that a level of consistency across regions is achieved.

Please refer to Jadestone’s 2021 Sustainability Report, section Environmental management, for further detail on environmental management activities in support of the Group’s newly integrated operations in Malaysia and future development in Indonesia.

Environmental management metrics	Unit	2021	2020	2019
Reportable <sup>1</sup> environmental incidents	# per year	0	0	0
Environmental high potential incident (“HiPO”)	# per year	0	0	0
Regulatory enforcements <sup>2</sup>	# per year	2	1	0
Regulatory fines	# per year	0	0	0

<sup>1</sup> Reportable refers to an incident relating to the activity that has caused, or has the potential to cause, moderate to significant environmental damage, whilst not being in breach of the Environmental Performance Outcomes as defined in the Environment Plan for the asset in alignment with the Australian offshore regulator’s (NOPSEMA) definition.

<sup>2</sup> Discussed in section Occupational health and safety.



# Discharges and air emissions

A range of pollution impacts and risks to water and air are associated with oil and gas production activities.

## Discharges to water

The treatment and discharge of produced water is a key focus in managing the impact of Jadestone's offshore operations on the marine environment.

Jadestone's approach to managing produced water at the Australian operations is to reduce the OIW content to threshold concentrations which are below that considered appropriate under the National Water Quality Management Framework (ANZECC/ARMCANZ 2000). Discharges of produced water are routinely measured and evaluated against performance criteria, as per site environment plans.

In 2021, Jadestone sought to further improve its discharge quality streams. The target of combined OIW concentration to be less than 14mg/L across the Australian assets was achieved and exceeded, with combined OIW at 10mg/L based on daily averages.

In spite of this positive trend, there was also a period at the end of the year when OIW concentrations at the Montara asset were above the desired specifications. In such events, off-specification water was redirected to settling slops tanks, allowing discharge water quality to improve. In addition, engineering evaluation is underway to devise alternative ways of handling produced water for further improvements in OIW concentrations in the discharge stream.

## Air quality

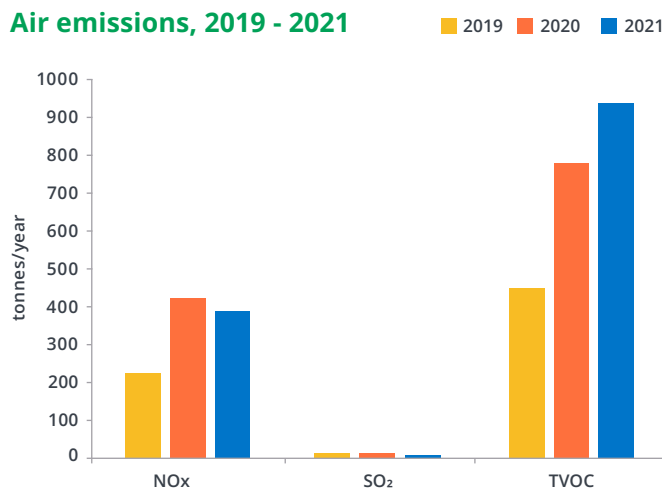
The main sources of atmospheric emissions during operational activities include: production gas and flaring, power generation and process heating, engine exhaust, venting and fugitive emissions. Measures to limit energy use and GHG emissions will typically help improve air quality performance. In addition, air pollutant emissions are kept as low as possible through management measures such as scheduled maintenance of equipment and availability of equipment spares. Atmospheric emissions from Jadestone's operations in Australia have been largely stable year-on-year, with the exception of TVOC levels, which increased slightly in 2021, mostly driven by an increase in flaring and to a lesser extent, an update to applied gas density for Montara based on periodic production gas analysis.

## Waste management

Waste streams at Jadestone's offshore facilities typically include putrescible waste and non-hazardous materials such as paper and cardboard, mixed plastics, wooden pallets and scrap metal, which are segregated for ease of recycling. Hazardous waste streams may include fuel, lubricating oils, produced sand and chemicals associated with operations. These are segregated at source and stored in clearly marked containers prior to transfer onshore to Jadestone's waste management contractor for recycling, wherever practicable or disposal at a licensed waste disposal facility.

Jadestone has waste management plans in place for all of its offshore activities, which detail the waste management practices during operation.

## Air emissions, 2019 - 2021



Produced water metrics	Unit	2021	2020	2019
OIW concentrations <sup>1</sup>	mg/L	10.1	14.4	14.7
Produced water <sup>2</sup>	ML	2,833	3,209	1,866

<sup>1</sup> Combined OIW average discharged, based on daily averages from Stag and Montara.

<sup>2</sup> Produced water volumes combined across Stag and Montara; Montara facility data available only from Aug 2019, when operatorship was transferred to Jadestone.



# GHG emissions

Mitigating GHG emissions from upstream operations is a key pillar of Jadestone's strategy and of its approach to managing the climate risk exposure of the business.

## Direct emissions – Scope 1

The primary sources of GHG emissions from Jadestone operated facilities result from flaring of excess associated gas as well as combustion of fuels to power the sites.

When taking over assets from previous operators, Jadestone identifies and introduces operational efficiency measures that reduce unnecessary power consumption whilst seeking opportunities for process adjustments that limit flaring.

During the acquisition of the Montara asset in 2019, a number of operational issues were identified and corrected allowing for increased uptime of the reinjection compressor unit and, which resulted in increased reinjection of produced gas back into the reservoir. An outcome of achieving improved operation of the reinjection compressor was a material reduction in GHG emissions over the operating life of the asset.

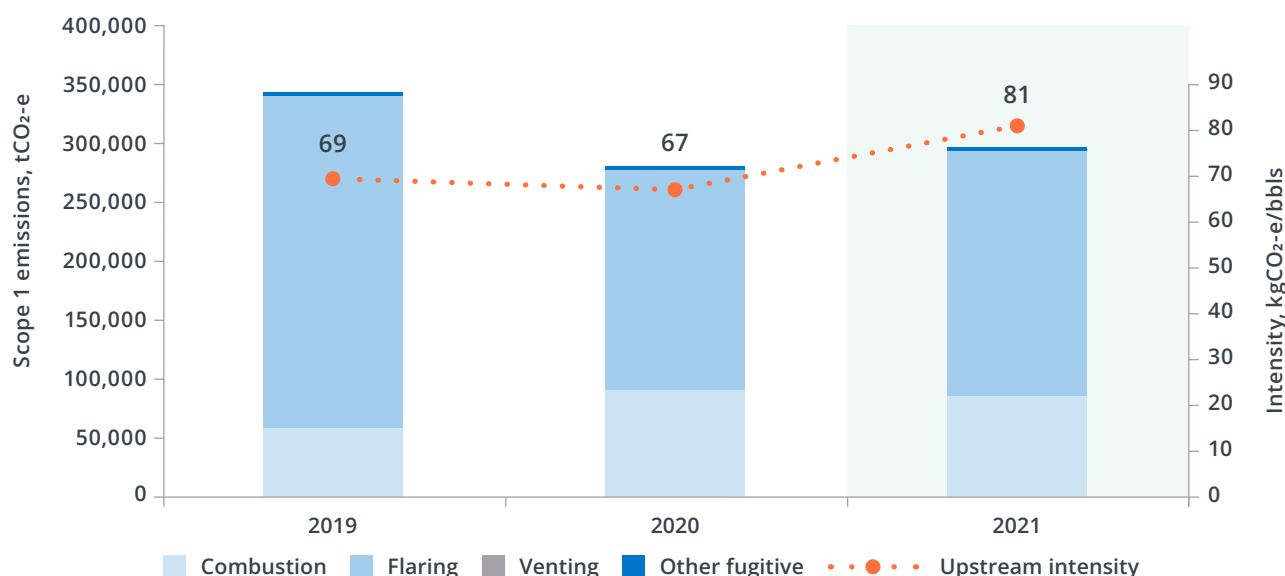
This action is representative of the strong management focus on operational efficiencies and in this instance, related flaring volumes, a key metric monitored and reviewed frequently at Jadestone for both emissions and reservoir management purposes. A listing of current priorities applied at Jadestone to flaring management is provided below:

- **Improving process stability** – focus on process optimisation: reducing pressure fluctuations reduces the necessity to flare operational gas for short repetitive periods.
- **Reinjecting gas** – strong focus on increasing gas reinjection capacity to avoid GHG emissions, enhance oil recovery and preserve reservoir pressure.
- **Gas as fuel source** – produced gas is used to fuel gas turbines, which in turn provide power to the facility, thus reducing the need to purchase and supply diesel for the operation of plant and equipment.

It is important to note that while the commercialisation of produced gas for sale to market has been considered as an additional mechanism for reducing total gas flared at the Montara facilities, this option is currently not viable due to the preference for reinjection, and the remoteness of the field and local infrastructure not available at this time. There is future potential for gas cap blowdown<sup>1</sup> and commercialisation via soon-to-be developed nearby gas infrastructure.

<sup>1</sup> Gas cap blown down involves a shift to gas production as the field approaches the end of its economic oil-producing life.

## Scope 1 GHG emissions and GHG intensity<sup>1,2,3</sup>, 2019 – 2021



### Indirect emissions – Scope 2

Jadestone's indirect, Scope 2 GHG emissions account for less than 1% of its Scope 1 and 2 GHGs combined and result from the consumption of purchased electricity across its offices.

### 2021 performance

Overall in 2021, Scope 1 GHG emissions from the Australian assets, increased by 6%, when compared to 2020. This increase was driven by the performance of the Montara asset. Unplanned events related to the reinjection system's failure in the first half of 2021 resulted in periods of excessive flaring. Furthermore, the mobilisation of the drilling rig for the drilling campaign in the latter half of 2021, led to extended periods of time where Montara operations had to either be fully shut in or had partial production, without associated gas reinjection. Volumes flared at Montara increased by 12% compared to 2020 levels.

Consequently, Jadestone's 2021 target of 5% reduction of flaring, vs. 2020 levels were not achieved. Investigation into the root cause of the reinjection system downtime in H1 2021 was undertaken, identifying preventative measures such as replacement of valves, holding of spares as well as further reinjection capacity initiatives to be tested throughout 2022. Daily routine flare management forms a cornerstone of Jadestone's operational discipline, illustrated by opportune maintenance activities undertaken during the drilling campaign period to avoid even further flaring.

With respect to power generation at the sites in 2021, the operated assets used 445 GWh of energy, with 88% comprising of fuel gas, 8% of crude oil and 4% of diesel. This consumption is slightly reduced from 2020 consumption, and is responsible for almost 30% of total GHG emissions from upstream operations.

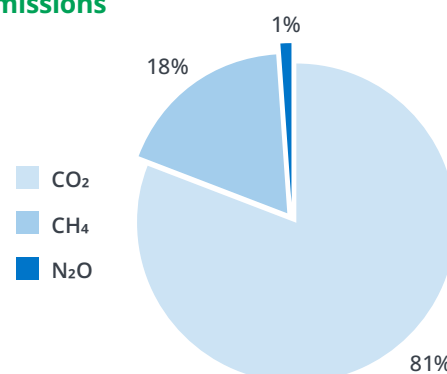
Diesel use, however, increased by 15%, linked to the aforementioned events at Montara as well as workover periods at Stag, resulting in the 5% reduction target not being met.

Review of the GHG intensity metric suggests an increase at a Group-level, resulting from the aforementioned factors (drilling programme as well as reinjection compression unavailability), which also affected production volumes. GHG emissions intensity of 81kg CO<sub>2</sub>-e/bbls represents a high intensity compared to some peers, driven by lower levels of production volumes against original capacities of the facilities. Jadestone is committed to proactively managing the carbon footprint of its assets, seeking to improve the environmental performance of acquired assets so they can continue to operate with a reduced GHG footprint.

### Outlook

Jadestone is committed to continuously improving its approach to GHG emissions management and incorporating lessons learnt from previous years. Jadestone is currently evaluating emissions reduction options to actively manage its emissions profile and upstream intensity. Its climate-related targets are listed in section Metrics and targets, on page 39.

### Scope 1 GHG emissions by gas, 2021<sup>1</sup>



<sup>1</sup> Representing 100% operational control of the Australian assets, Stag and Montara.

<sup>2</sup> Jadestone assumed operatorship of the Montara asset in August 2019. Data represents CY emissions for 2019, including those from the previous operator.

<sup>3</sup> GHG emissions intensity is defined as Scope 1 emissions over production.





## Streamlined Energy and Carbon Reporting ("SECR")

As detailed within the Directors' Report, the Group has elected to voluntarily report Scope 1 and 2 greenhouse gas emissions from its Australian assets and regional offices under the SECR framework.

The data in the below table represents 100% operational control of Jadestone's Australian assets, Stag and Montara. Jadestone has no operations in the UK<sup>1</sup>, its emissions and energy use are therefore nil.

The GHG emissions section of the 2021 Sustainability Report details Jadestone's approach to managing energy use and GHG emissions, and discusses some of the energy efficiency measures taken at the operated sites in Australia.

Please refer to the About this Report section of the 2021 Sustainability Report for definitions of the GHG methodologies applied in deriving the figures included within the SECR disclosures.

## Scope 1 and 2 GHG and energy data, 2019 – 2021

Representing 100% operational control, Stag and Montara

Metrics	Unit	2021	2020	2019 <sup>2</sup>
<b>Total Scope 1 and 2 emissions from operated entities and offices</b>				
<b>Total Scope 1 emissions<sup>3</sup></b>	tCO <sub>2</sub> -e	<b>295,913</b>	280,328	342,698 (149,417)
<b>Total Scope 2 emissions<sup>4</sup></b>	tCO <sub>2</sub> -e	<b>178</b>	181	163
<b>Total Scope 1 &amp; 2 emissions</b>	tCO <sub>2</sub> -e	<b>296,091</b>	280,509	342,858 (149,580)
<b>Total Scope 1 and 2 emissions from operated entities</b>				
<b>GHG Intensity<sup>5</sup></b>	kg CO <sub>2</sub> -e/bbls	<b>81</b>	67	69
<b>Energy use by operated entities and offices<sup>6</sup></b>				
<b>Direct energy: Fuel consumption</b>	MWh	<b>444,897</b>	462,934	289,579 (198,884)
<b>Indirect energy: Electricity consumption offices</b>	MWh	<b>303</b>	311	240
<b>Total direct and indirect energy consumption</b>	MWh	<b>445,200</b>	463,245	289,819 (199,124)

<sup>1</sup> With an exception of 1 employee who is working in home office mode.

<sup>2</sup> 2019 performance also includes Montara performance data covering the period under the previous operator (Jadestone share is included in brackets, representing period from August 2019 onwards).

<sup>3</sup> Montara data has been retrospectively updated using gas density data sampled in February 2021. Updated global warming potential factors have been applied to historical data to allow for meaningful comparisons, affect flaring and total Scope 1 emissions.

<sup>4</sup> Scope 2 data is location based, using appropriate grid emissions factors.

<sup>5</sup> GHG intensity is given as total Scope 1 emissions (tCO<sub>2</sub>-e) over production (bbls).

<sup>6</sup> Direct energy is defined as energy generated onsite by the facility itself. Indirect energy is defined as energy that is generated offsite and purchased by the Group.



# Occupational health and safety

Jadestone is committed to providing a safe and rewarding work environment and maintaining exceptional health and safety performance throughout all operations and activities. Putting safety first at all times is one of the core values that underpins how Jadestone does business and the behaviours it expects from its employees. Jadestone's Board-approved HSE Policy and Corporate HSE Plan lay out its philosophy and approach to health and safety.

## HSE management system

In Australia, Jadestone operations are governed by its Health, Safety and Environment Management System ("HSE MS"). The system comprises elements that conform with IOGP Guidelines<sup>1</sup> as well as ISO 14001:2015 and describes the standards, procedures and behaviours necessary to achieve the desired HSE performance and outcomes for operations in Australia. Respective countries of operations develop their own HSE management systems, in adherence with the local regulatory framework whilst maintaining principles of ISO 14001:2015.

## 2021 performance

Over the course of 2021, Jadestone Australia recorded three personal injury incidents in its operated assets: one restricted work case at the Stag operation, and a restricted work case and medical treatment case at Montara. These personal injury events are very significant for Jadestone as protection of its employees is of paramount importance. The injuries were managed in accordance with the Injury & Illness Management Procedure, with detailed investigations following that identified key learnings. In addition, the Group received two enforcement notices in the course of the year, both in relation to the Montara asset, discussed in more detail in the 'Occupational health and safety' section of the 2021 Sustainability Report.

Jadestone is committed to minimising process safety risks to as low as reasonably practicable levels and operating effective and reliable emergency response and preparedness systems. Section Asset integrity and critical risk management in the 2021 Sustainability Report provides a more detailed overview of Jadestone's approach.

HSE metrics	Unit	2021	2020	2019
Manhours worked <sup>1</sup>	million hours	3.8	3.2	0.21
Lost time injury ("LTI")	# per year	0	0	0
Recordable cases <sup>2</sup>	# per year	3	0	1
Total recordable incident frequency rate ("TRIFR") <sup>3</sup>	rate	7.8	3.15	12.32
High potential incident ("HiPO")	# per year	0	2	0
HSE audits	# per year	8	7	8
Full emergency exercises	# per year	1	1	1
Desktop emergency exercises	# per year	4	4	3

<sup>1</sup> Manhours represent Jadestone's permanent and fixed term employees as well as contractors.

<sup>2</sup> Recordable includes fatalities, major injuries, lost time injuries (LTIs), alternative duties injuries (ADI), medical treatment injuries (MTIs) reported.

<sup>3</sup> TRIFR represents total number of recordable incidents recorded against the total hours worked, standardised to one million hours; calculated as rolling 12 month average.

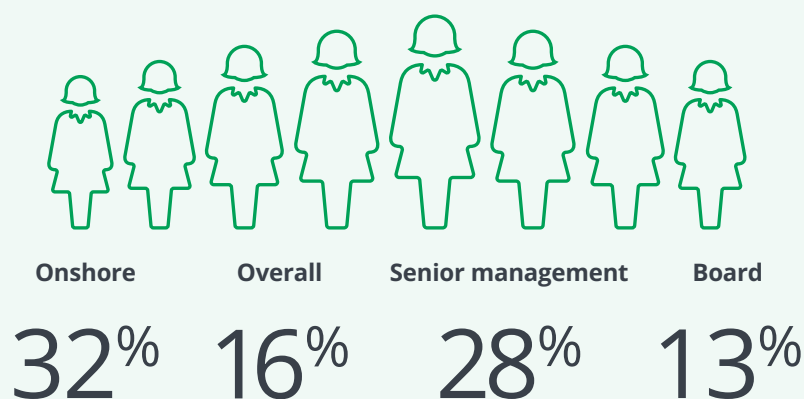
# Workforce management and diversity

Jadestone recognises that its success depends on its employees and the contributions they make. Jadestone's HR, compensation and performance management practices are overseen by the Board's Remuneration Committee and strive to offer equal opportunities, safe working conditions, competitive terms of employment and comprehensive learning and development opportunities. With a growing operating footprint in the Asia-Pacific region, Jadestone's approach to managing people is reflective of a workforce that is office and site-based, spanning across a number of geographies and cultures.

## Total employees<sup>1</sup>



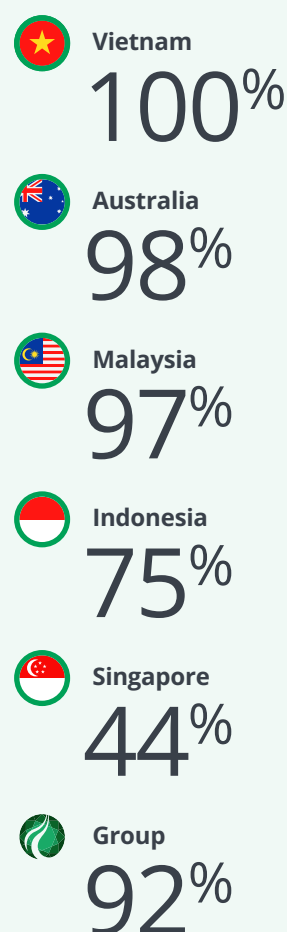
## Women in Jadestone<sup>2</sup>



<sup>1</sup> Includes permanent employees, contractors and consultants.

<sup>2</sup> Permanent employees.

## Local nationals across regions<sup>2</sup>





## Jadestone's diversity principles:



- Promote a workforce that reflects the **diversity of the communities** we serve
- Maintain a work culture that **fosters access and inclusion**, with all internal and external stakeholders treated fairly and with respect
- Recruit, develop and manage employees in line with **individual competencies**
- Provide a **supportive working environment** that is adapted as required to meet the needs of a diverse workforce
- Adapt and adopt an organisation and work methods to **include everyone**
- Commit to a policy of equal **employment opportunity and pay equality**
- Maintain a workplace that is **free of any harassment or unfair discrimination** with appropriate avenues for the investigation of complaints

## Workforce profile and diversity

Jadestone continued its growth in 2021 with the PenMal Assets acquisition, which is reflected in the permanent employee numbers for the year increasing by 60%. Jadestone welcomed 108 new permanent and fixed-term employees in August 2021, with the majority of offshore and supply base personnel engaged on the assets by the previous operator being retained, while also adding new hires to the onshore team.

The Group also regularly seeks support from contractors across a range of disciplines reflecting ad hoc projects and higher activity levels, engaging 49 contractors in 2021.

Jadestone places emphasis on engaging local talent in countries of Jadestone operations and strong commitment to develop a workforce that reflects the diversity of the communities it serves. In 2021, 92% of Jadestone's employees were locals, exceeding the target of 90%.

Jadestone understands that diversity has many facets and fosters behaviors of inclusion as far as national origin, race and ethnicity, religion, gender, sexual orientation and marital status. Jadestone has a grievance process in place that ensures that any incidents of discrimination, victimisation, harassment, or bullying are dealt with appropriately. Jadestone recorded no such incidents in 2021.

As of 2021, women represent 32% of the total onshore workforce, but only 16% of total overall workforce which is reflective of gender diversity being a common challenge for offshore oil and gas operators. At year-end, 28% of senior management positions were filled by women.

# Governance, business ethics and transparency

Commitment to the highest standards of governance, ethics and integrity is intrinsic to how Jadestone conducts its business.

## Corporate governance

Jadestone believes that an effective corporate governance framework adds value to its business and enhances stakeholder confidence in the Group. In 2020, Jadestone adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code and since that time has adhered to its principles.

Jadestone seeks to constantly improve its corporate governance practices in alignment with the principles. Its latest compliance statement in respect of QCA Code principles can be accessed in the Corporate Governance section of Jadestone's 2021 Annual Report.

## ESG oversight

Jadestone ensures that it has appropriate structures, policies and procedures in place that provide governance over all sustainability-related aspects of its activities. In 2021, the Board reorganised its committees, in order to ensure appropriate oversight of its ESG responsibilities. Effective 15 December 2021, the mandate of the Health, Safety and Environment Committee was expanded to include climate-related and social responsibilities, the Terms of Reference being amended and the committee's name changed to the Health, Safety, Environment and Climate ("HSEC") Committee. Also, the Nomination Committee's mandate was expanded to include governance responsibilities, with the Terms of Reference being amended accordingly and the committee's name changed to the Governance and Nomination Committee.

For a more detailed breakdown of Jadestone's structured approach to ESG and climate governance, please refer to the Climate change & business model resilience chapter as well as the Corporate Governance section of Jadestone's 2021 Annual Report.



*A copy of Jadestone's key governance documents, including the Articles of Association, the Code of Conduct and related policies, are available on Jadestone's website at <https://www.jadestone-energy.com/sustainability-2020/key-policies/> and <https://www.jadestone-energy.com/wp-content/uploads/2021/04/Jadestone-Energy-Plc-articles-of-association-revised-211065177v1-Legal.pdf>*

## Management systems

Strong governance must be supported by enterprise-wide management systems that document how the business assesses and controls risks, impacts and threats while constantly seeking opportunities for improvement.

Jadestone operates a robust risk management framework that evaluates principal risks and threats affecting the Group, described in detail in the Strategic Report section of the 2021 Annual Report.

In Australia, the Business Management System ("BMS") provides for an integrated system and processes that govern the activities of Jadestone Energy Australia, with the Australia executive team assuming primary governance. Designed in accordance with ISO 55001 Asset Management – Management Systems Requirements, the BMS is structured into three streams of Lead, Core and Support, that group business activities critical to execution of business strategy, as summarised in the diagram on the opposite page.

Jadestone is committed to extending appropriate systems to new countries of operation, which set out consistent expectations for its operations when addressing environment, security, safety, health or social risks and opportunities. In addition, HSE management systems are developed in countries of operations to manage impacts and risks, as described in sections Environmental management and OHS.

## Regulatory management and legal compliance

Jadestone is committed to ensuring it complies with all laws and regulations, be it at a corporate level or operational level. Legal compliance is facilitated by respective counsels in countries of operations as well as such regulator-facing functions as HSE, that ensure compliance with operational requirements. Jadestone seeks assistance from specialist law firms on a case-by-case basis and receives regular legal obligations briefings relevant to its industry and footprint. Before integrating a new site, legal due diligence is undertaken in support of timely regulatory approvals for new operations and growth projects.



## Business Management System - Jadestone Australia



### Business ethics and transparency

Jadestone takes a strong position on ethical matters, with zero tolerance for fraud, bribery and corruption. Jadestone's commitment to integrity and compliance is filtered throughout the business from a top down approach, with the Board of Directors laying the groundwork for an ethical corporate culture. This standard of behaviour is communicated to all individuals working at Jadestone through the Code of Conduct, amongst other key policies such as the Anti-Bribery and Anti-Corruption Policy, Insider Trading Policy and Whistle blower Policy, which can all be found on Jadestone's website.

The Code of Conduct reflects Jadestone's commitment to a culture of honesty, integrity and accountability. It condemns such practices as corruption, anti-trust or any other practices that may result in violating anti-bribery and anti-corruption laws. The Group has a set of core values which uphold ethical conduct – Respect, Integrity, Safety, Results-Orientated, Sustainability and Passion. All individuals working at Jadestone, including contractors, are expected to make a commitment to these values, and to contribute to protecting and enhancing the Group's reputation. Jadestone's core values underpin every aspect of work done within the business, and form the foundation of the Code of Conduct.

It is the responsibility of all individuals working at Jadestone to familiarise themselves and comply with corporate business ethics and anti-corruption policies and procedures through the Code of Conduct. All of Jadestone's onshore and offshore employees undertake a mandatory e-learning course on the Code of Conduct upon commencing their employment. Employees are required to complete a refresher on the Code of Conduct every 12 months including confirmation of their compliance.

### Payment to governments

As part of its commitment to transparency and legal compliance, Jadestone has disclosed all payments made to governments in all jurisdictions, in accordance with Canada's Extractive Sector Transparency Measures Act since 2018. Following Jadestone's delisting from the TSX Venture Exchange in March 2020, this obligation ceased. With Jadestone now domiciled in the UK, it is committed to reporting payments to governments as part of compliance with the Reports on Payments to Governments Regulations 2014 (UK) as amended in December 2015. In 2021, Jadestone paid US\$25 million in local taxes, fees and royalties in the Asia-Pacific region (see table below). A complete list of payments is included on page 201 of this Annual Report.

### Human rights and modern slavery

Jadestone recognises that modern slavery is a significant global human rights issue and can take many forms, including human trafficking, forced labour, child labour, domestic servitude, people trafficking, workplace abuse and/or other unethical behaviour. As a UK domiciled entity, Jadestone is obliged to issue a statement that sets out the steps that Jadestone has taken as a Group, to ensure no modern slavery or human trafficking occurs within its supply chains or business, in compliance with the UK Modern Slavery Act 2015. Its 2021 calendar year statement can be accessed here <https://www.jadestone-energy.com/sustainability-2020/key-policies/>. Similarly, in line with the Australian Modern Slavery Act 2018, Jadestone's Australian subsidiaries have submitted a statement addressing modern slavery risks and the steps taken to mitigate and eliminate those risks in the context of the Australian operations and business.

Business ethics metrics	Unit	2021	2020	2019
Number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	# per year	0	0	0
Significant fines and non-monetary sanctions for non-compliance with laws and regulations	# per year	0	0	0
Confirmed incidents of corruption	# per year	0	0	0
Concerns raised by employees in relation to a breach of the Group's Code of Conduct	# per year	0	0	0
Payments to governments total	US\$, million	25.0	28.7	7.9

# Key performance indicators

Each year, the Board agrees a performance contract with the CEO, which contains key objectives aligned to the Group's strategic aims, and performance indicators which measure the degree of success in achieving these objectives.

These key objectives and performance indicators are cascaded down through the business, ensuring there is a clear understanding, accountability and alignment among employees on the strategic aims, how they are measured and how the outcome will impact annual compensation.

The outcome of the CEO's 2021 performance contract is summarised in the following table, with further detail on the underlying key performance indicators ("KPIs") included below.

## 2021 KPIs

## 2021 commentary

### Strategic objective: Achieve 2021 operations targets, result: 12.0% out of 30%

<b>Deliver average annual production and 2021 exit rate according to plan</b>	<ul style="list-style-type: none"> <li>Annual production of 12,524 boe/d was within the annual guidance range, which was recalibrated, with no change in the guidance range, in August 2021 to incorporate the PenMal Assets and exclude any contribution from the Maari field, given a prudent assessment that this acquisition was unlikely to close during 2021.</li> <li>2021 exit production exceeded expectations following positive results from the Montara activity programme, and the initial contribution of the PenMal Assets.</li> </ul>
<b>Deliver average unit Group opex and capital and major expenditures to plan.</b>	<ul style="list-style-type: none"> <li>Unit opex of US\$26.22/bbl was within the guidance range.</li> <li>Capital and major expenditure was within the revised guidance set out in August 2021.</li> </ul>
<b>Successfully deliver work programmes and improved performance</b>	<ul style="list-style-type: none"> <li>Positive progress made in delivering improved logistics, supply chain and onshore support.</li> <li>Montara facilities uptime improved but fell short of 95% target in Q4 2021.</li> <li>Stag field performance held back by COVID-19 related factors impacting workover activity and workover unit uptime.</li> </ul>

### Strategic objective: Deliver Improvement in ESG targets, result: 13% out of 20%.

<b>Maintain health and safety performance at top quartile</b>	<ul style="list-style-type: none"> <li>The total recordable injury frequency ratio performance did not achieve targeted levels.</li> </ul>
<b>Maintain MSCI ESG Rating at BBB but striving to progress to level "A"</b>	<ul style="list-style-type: none"> <li>MSCI rating suspended following change of parent company due to internal reorganisation.</li> </ul>
<b>Deliver environmental targets consistent with improving performance</b>	<ul style="list-style-type: none"> <li>One loss of primary containment incident. Did not meet GHG emissions reduction target.</li> </ul>
<b>Build a strong, diverse and sustainable organisation</b>	<ul style="list-style-type: none"> <li>All recruitment, training, apprentice, offshore competency and retainment targets reached.</li> </ul>
<b>Maintain top quartile governance standards</b>	<ul style="list-style-type: none"> <li>One enforcement notice and General Direction received from Australian offshore regulator. Statutory audit for 2021 and board performance in line with expectations.</li> </ul>

## 2021 KPIs

## 2021 commentary

**Strategic objective: Per Share Accretive Growth in Asia-Pacific, result 11.5% out of 30%.**

<b>Maintain delivery on strategic objectives</b>	<ul style="list-style-type: none"> <li>Completed PenMal Asset acquisition and actively participated in several other potential asset acquisition processes.</li> <li>Completion of the Maari acquisition still outstanding due to regulatory process.</li> <li>Achieved key commercial milestones on the Akatara gas development in Indonesia.</li> <li>Progress in the commercialisation of the Nam Du / U Minh fields offshore Vietnam was hampered by delays in commercial discussions with the Vietnamese Government.</li> </ul>
<b>Complete one or more new acquisitions</b>	<ul style="list-style-type: none"> <li>Completed highly accretive PenMal Asset acquisition, with value creation &gt;US \$4/boe 2P NPV10.</li> </ul>

**Strategic objective: Create Sustainable Shareholder Value: 14% out of 20%.**

<b>Improve share price and implement dividend strategy</b>	<ul style="list-style-type: none"> <li>Share price increased 37% in 2021, but did not meet both absolute and relative performance targets.</li> <li>Second portion of 2020 dividend paid, interim dividend paid in October 2021, final 2021 dividend declared in June 2022.</li> </ul>
<b>Maintain sustainable funding &amp; leverage</b>	<ul style="list-style-type: none"> <li>Cash balances increased 45% during the year and the Group was debt free at year-end 2021.</li> </ul>
<b>Investor relations</b>	<ul style="list-style-type: none"> <li>Trading volumes averaged approximately 1.3 million shares per day in 2021, a 42% increase on 2020.</li> <li>Stakeholders were regularly updated on business developments through public disclosure.</li> <li>Face-to-face interaction with analysts and investors was constrained due to the ongoing impact of the COVID-19 pandemic.</li> <li>Annual performance was in line with guidance recalibrated in August 2021 for PenMal Assets acquisition, delay in Maari completion and revised cost of the Montara activity programme.</li> </ul>

The table below summarises the CEO's Board-approved performance contract for 2022.

**2022 KPIs**

Strategic objective	Weight	Summary detail
<b>Achieve 2022 operations targets</b>	30%	<ul style="list-style-type: none"> <li>Deliver production guidance of 15,500 – 18,500 boe/d.</li> <li>Deliver unit operating cost guidance of US\$23.00 – 28.00/boe.</li> <li>Deliver capital expenditure guidance of US\$90 – 105 million.</li> <li>Deliver work programmes and improved operating performance, including progressing Nam Du/U Minh towards FID.</li> </ul>
<b>Deliver continuous improvement in ESG performance</b>	25%	<ul style="list-style-type: none"> <li>Maintain health and safety performance at top quartile.</li> <li>Achieve improvement in Jadestone's external ESG ratings.</li> <li>Deliver environmental targets.</li> <li>Conduct GHG emission review, identify opportunities to reduce Scope 1 &amp; 2 intensity, announce a Net Zero emissions target and climate strategy.</li> <li>Continue to build a strong, diverse and sustainable organisation through increased employee engagement, retention and succession planning.</li> <li>Deliver top quartile governance standards, including a target of zero enforcement notices from NOPSEMA and zero fines for non-compliance.</li> </ul>
<b>Deliver accretive growth in the Asia-Pacific region</b>	25%	<ul style="list-style-type: none"> <li>Acquire both producing and development assets, adding &gt;30 mmboe of 2P reserves and value creation of &gt;US\$4 NPV10 per 2P boe acquired.</li> <li>Advance the completion of the Maari operated stake and successfully transfer operatorship from seller.</li> <li>Progress Nam Du/U Minh project with agreement on GSA and explore value crystallisation through farm-down, with schedule to re-submit FID in 2023.</li> </ul>
<b>Create sustainable shareholder value</b>	20%	<ul style="list-style-type: none"> <li>Target increase in share price of 35% from 2021 closing with share price performance to exceed straight average of peer group<sup>1</sup>.</li> <li>Declare 2022 dividend in line with the Company's policy and consider additional returns through dividends and/or share buybacks if justified by cash generation/ capital allocation.</li> <li>Maintain sustainable funding and leverage.</li> <li>Broaden the shareholder base and improve liquidity.</li> <li>Improve Jadestone's visibility in the financial markets.</li> </ul>

<sup>1</sup> See Remuneration Committee report for details of peer group.







# Section 172 statement

Under the Companies Act 2006, Jadestone is required to include, within the Strategic Report, a statement reporting how the Directors have had regard to the matters set out in section 172 (1) (a) to (f) when performing their duties.

## *Section 172 of the Companies Act 2006*

A director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a the likely consequences of any decision in the long term;
- b the interests of the company's employees;
- c the need to foster the company's business relationships with suppliers, customers and others;
- d the impact of the company's operations on the community and the environment;
- e the desirability of the company maintaining a reputation for high standards of business conduct; and
- f the need to act fairly as between members of the company.

Since the internal reorganisation to set up a new UK parent company in 2021, Jadestone's Directors' legal duties and responsibilities, including corporate reporting, have been governed by the Companies Act 2006.

During 2021, and in particular the process of relocating Jadestone's parent company to the UK, Jadestone's Directors were informed of the Companies Act 2006 requirements relating to their responsibilities. The Directors were also advised of the Section 172 responsibilities and the requirement to include a compliance statement in the Company's annual report. The Directors also receive regular briefings from the Company's Nominated Adviser on the AIM Rules for Companies 2021 (the "AIM Rules").

Jadestone's board of Directors has a primary responsibility to foster the short and long-term success of the Group and be accountable to its shareholders. In particular, the Board is responsible for supervising the management of the Group's business and affairs. The Directors take their duties and responsibilities to stakeholders seriously and receive regular written and verbal updates on business performance and stakeholder engagement. The responsibilities of Jadestone's Board are set out in the Board of Directors Charter which can be viewed on Jadestone's website.

Information on how Jadestone's Board assesses, monitors and mitigates the environmental footprint of its business, as well as community engagement, is included on pages 31 to 32 of this report.

The following sets out several of the key focus areas for Jadestone's Directors in 2021, and the accompanying relevant section 172 disclosures:

Decisions	Section 172 disclosures
<b>Internal reorganisation</b>	<ul style="list-style-type: none"> <li>During 2021, Jadestone changed its parent company country of incorporation from Canada to the UK, one of the final stages of a multi-year process which has seen the Group progressively adopt the norms and practices of its UK-based peers.</li> <li>The decision was also taken in the belief that the change of corporate residence would reduce the regulatory administrative actions and annual costs associated with a Canadian domicile.</li> <li>It was also believed that Jadestone's reorganisation could assist the optimisation of the Group's tax structure, as well as further raise its profile among UK and European investors, who may have been unable to buy shares in non-UK domiciled companies.</li> <li>As a result of the above, the Directors believed the redomicile was in the long-term interests of the Group, its shareholders and employees (many of whom are also shareholders).</li> <li>The Company made, and continues to make, efforts to ensure that all shareholders in the previous parent company (Jadestone Energy Inc.) were informed of the reorganisation generally and how they could exchange their shares in Jadestone Energy Inc. for Jadestone Energy plc shares.</li> <li>Given the phased move away from Jadestone's legacy Canadian presence, including the delisting of the Company's shares from the TSXV in March 2020 and the ensuing migration of the majority of trading volumes to London, the move was not believed to have a negative impact on Canadian based shareholders.</li> </ul>
<b>2021 activity programme</b>	<ul style="list-style-type: none"> <li>The 2021 activity programme, including the drilling of the H6 infill well at Montara, marked a return to growth and investment, following the activity deferrals and focus on cost reductions and maximising cash flow resiliency in the immediate aftermath of the COVID-19 pandemic during 2020.</li> <li>A recovery in economic growth, and with it oil demand and oil prices, underpinned the decision by the Directors to implement the majority of the investment plan that had been deferred in Q2 2020.</li> <li>The Directors believed the activity programme to be in the interests of all stakeholders, in that the activity would continue the development of the Group's reserve base, increase production, target an attractive return on investment, and increase profits and cash flow to further support future growth.</li> <li>The activity programme was also considered in the best interests of employees, providing them with reassurance that activity deferrals and cost reductions in 2020 were temporary, and that Jadestone continues to be an ambitious, growth-oriented and dynamic employer.</li> <li>The resumption of activity also allowed the Group to reengage and reinforce relationships with key suppliers, including with Valaris, the provider of the rig to drill the H6 infill well.</li> <li>An environmental plan for the Montara drilling campaign was originally prepared in 2019. Following a decision to sanction the activity in 2021, the original environmental plan was reassessed, with some minor modifications made to reflect the revised scope of work.</li> </ul>
<b>SapuraOMV acquisition</b>	<ul style="list-style-type: none"> <li>In late April 2021, Jadestone agreed to purchase the PenMal Assets from SapuraOMV. The acquisition was forecast to have a rapid payback, and to be value accretive to Jadestone across all key metrics.</li> <li>The acquisition was assessed not to adversely impact the Group's ability to fund the remainder of its planned capital spending in 2021, dividends, or the potential closing of the Maari acquisition.</li> <li>All offshore and supply base personnel engaged on the SapuraOMV assets were retained as employees of Jadestone, with the intention to expand the onshore team in Malaysia, and build a workforce of local Malaysian nationals.</li> <li>The PenMal Assets acquisition provided an operating footprint in Malaysia, an area the senior management of Jadestone is familiar with from their previous employer. Jadestone believes this footprint positions it to participate in further business development opportunities in Malaysia, which the Company believes could be similarly value accretive for shareholders.</li> <li>Detailed due diligence was carried out prior to submitting a bid for the assets, including on HSE statistics, GHG emissions, risk assessments, regulatory audits and incident reports.</li> <li>Jadestone is fully responsible for procurement of all equipment, facilities, supplies and services for the operated Malaysian PSCs. Furthermore, procurement activities must be sourced through suppliers with an established Malaysian presence. Jadestone will seek to form positive and sustainable relationships with its domestic supply chain, supporting direct employment for Malaysian nationals and broader economic growth.</li> </ul>
<b>Commitment to the Maari acquisition</b>	<ul style="list-style-type: none"> <li>The Directors remain committed to the acquisition of OMV's 69% operated interest in the Maari field, despite the transaction not completing during 2021.</li> <li>The Directors continue to believe that the acquisition remains in the best interest of all stakeholders, as it represents a multi-year opportunity, with a relatively low overall reserves recovery rate to date from the Maari asset fields, and would further diversify the Group's production base.</li> <li>The local supply chain would also benefit from an operator seeking to invest in the asset and prolong the life of the Maari field, which may also enhance the employment opportunities available in the New Zealand upstream sector.</li> <li>Jadestone has continued to work with OMV to expedite the New Zealand Government's review of the deal. In particular, Jadestone has endeavoured to provide comfort to the New Zealand Government over the Group's financial framework, and its ability to fund its share of the decommissioning costs of the Maari field.</li> <li>Jadestone supports the recent legislative change to the country's decommissioning framework, and continues to offer solutions to the New Zealand government to enable a swift completion of the transaction and a safe transfer of operations.</li> </ul>

Decisions	Section 172 disclosures
<b>Reverting to pre-pandemic operating practices in place prior to COVID-19</b>	<ul style="list-style-type: none"> <li>During 2021, the Directors were kept informed of how employee working practices, both on and offshore, were evolving against the backdrop of the COVID-19 pandemic.</li> <li>At Montara, the innovative offshore roster that was introduced in 2020 to maintain asset efficiency while meeting COVID-19 protocols reverted to pre-pandemic operating practices in late 2021, when it was judged safe to do so.</li> </ul>
<b>Net Zero pledge</b>	<ul style="list-style-type: none"> <li>During 2021, workstreams were commenced in order to announce a Net Zero target by the end of H1 2022.</li> <li>The Directors have engaged with the Company's advisers and certain shareholders to understand the implications of a committed Net Zero target for Jadestone and the broad contours of a possible strategy.</li> <li>A series of workshops were held to further understand how a Net Zero target might work in practice and its potential impact on employees and stakeholders in general.</li> <li>A draft climate policy statement and Net Zero commitment were circulated to the Directors for their comment and approval in advance of announcing both in June 2022.</li> <li>See pages 24 to 25 of this annual report and the Group's 2021 Sustainability Report for more detail on the Net Zero commitment.</li> </ul>
<b>Hedging</b>	<ul style="list-style-type: none"> <li>Jadestone monitors, on a continuous basis, its exposure to volatility in hydrocarbon prices.</li> <li>The Group looks to hedge downside oil price risk specifically, during periods of major capital expenditure and/or when the Group draws down on a significant quantum of financial indebtedness (in both cases, in pursuit of further growth).</li> <li>The Group does not otherwise tend to hedge hydrocarbon prices, but rather focuses on its core business areas including strict adherence to safe working practices, maximising uptime and production, optimising costs and capital spend, and advancing organic and inorganic growth projects.</li> <li>During 2021, as oil prices continued to recover from their pandemic-related lows, several of the Jadestone's shareholders asked whether the Board had considered implementing hedges as a speculative tool.</li> <li>The Board reviewed the Group's hedging policy on several occasions during 2021, assessing the arguments for and against a limited hedging programme to lock-in improving levels in Dated Brent pricing.</li> <li>Given the Group's strong balance sheet at the start of 2021, strong cash flow generation during the year, and an overall inclination not to limit or curtail its shareholders' exposure to optionality in hydrocarbon prices, the Board decided not to engage in speculative hedging.</li> <li>Since that point, oil prices have continued to strengthen to over US\$100/bbl in H1 2022.</li> </ul>
<b>Dividend</b>	<ul style="list-style-type: none"> <li>Prompted by regular dialogue with shareholders on the Group's capital allocation framework and on dividends specifically, during 2021 the Board assessed whether the Company's dividend policy was appropriate, particularly in the context of the Group's existing and growing cash position and no debt.</li> <li>During 2021, there was still considerable uncertainty around the pace and extent of the global economic recovery following the significant initial impact of the COVID-19 pandemic, and risks of subsequent infection waves.</li> <li>Furthermore, the Board was mindful of the potentially significant levels of expenditure needed for the Group's organic development projects, as well as maintaining sufficient cash resources to capitalise on business development opportunities as they arise.</li> <li>As a result, the Directors decided during 2021 that the existing dividend policy should remain unchanged.</li> <li>The Board continues to constantly monitor financial management generally including shareholder distributions.</li> <li>In recognition of the Group's significant net cash position at the end of 2021, and the likelihood of further significant free cash flow generation in 2022, it was announced in February 2022 that the Company would consider an increase in shareholder returns, either through increased dividends and/or share buy-backs, later in 2022.</li> </ul>

Specifically in regard to the Group's employees, during 2021:

- the Board received monthly updates on organisational matters and developments;
- at each board meeting, the Directors received an update on the impact of COVID-19 restrictions across the business, particularly how restrictions in Western Australia were being managed through changes to rostering in order to maintain safe and reliable operations at the Montara and Stag assets;
- the Directors were kept informed of the progress on a new enterprise bargaining agreement for the Montara asset, which was concluded and fully ratified in May 2021, and which provided stability and certainty around employment entitlements and conditions for the crew on the Montara Venture FPSO;
- the Board requested information on the organisational structure and employee headcount for both the acquired PenMal Assets and the proposed Akatara gas development onshore Indonesia;
- an employee survey was carried out in late 2021 with the results shared with the Board in early 2022; and

- the Board was also updated on succession planning for critical roles within the Group.

COVID-19 related lockdown restrictions limited the Director's ability during 2021 to meaningfully interact with the Group's employees. With the resumption of in-person Board meetings in 2022, it is anticipated that the Directors will be able to engage directly with employees during 2022.

Specifically in regard to the Group's customers, the Board formally delegates crude marketing arrangements to management, and receives regular updates on sales contracts when appropriate. Jadestone's oil production is sold and refined into products primarily used in the transportation and industrial sectors. Montara production is sold under a term agreement with a major oil company, with legal title passing once the oil is lifted from the Montara FPSO. Stag production is sold at the highest price in a competitive tender administered by the Group's marketing agent, with Jadestone responsible for shipping the oil to the buyer. In Malaysia, oil and gas production is sold to PETRONAS, the state oil company.



A man with dark, slightly messy hair is looking down at a computer screen. He is wearing a blue jacket over a grey collared shirt. The screen shows a Microsoft Excel spreadsheet. The ribbon at the top includes the 'Formulas' tab, with options like 'AutoSum', 'More Functions', 'Format', 'Clear', and 'Start & Find & Filter'. The spreadsheet grid shows columns labeled 'D', 'E', 'F', and 'G'. The taskbar at the bottom of the screen shows the Windows logo, a folder icon, a green 'e' icon, and a clock displaying '11:18 AM 5/12/2019'.



# Risk management, principal risks & uncertainties

The Group is exposed to a range of risks due to the environments in which it operates, and their effects may have a positive or negative outcome for the organisation. The Board is ultimately responsible for managing the Group's risk appetite and exposure and delegates to management the task of identifying, managing and monitoring the risks faced. The Board undertakes a bi-annual assessment of the risks and their potential impact on the current business plan and longer-term operational strategy.

The Group maintains a risk register that includes strategic, regulatory, operational, commercial, technological and economic risks. The register provides a clear definition of the risk, its impact and probability on the business detailing all mitigating controls in place to reduce the risk to acceptable levels. The register is regularly reviewed, and emerging risks assessed and quantified by management.




The principal risks currently recognised in the corporate risk register are listed below in alphabetical order detailing the risk, mitigation and how the risk has changed over the year. The risk movement has been assessed on the basis of whether there has been a material change in the impact to the business or the likelihood of occurrence. It should be noted that there may be additional risks unknown to the Group and/or other risks that have currently been assessed as less material, but which may develop into material risks in the future.

- ⬆ Risk has increased during the year  
 ⬇ Risk has decreased over the year  
 <> No change in the risk over the year

Risk	Risk description
<b>Business development opportunities</b>  <b>Risk Owner:</b> EVP Business Development  Change in year <>	<ul style="list-style-type: none"> <li>The Group seeks to acquire producing (or near production) assets that complement the current portfolio. If there are limited business development opportunities that fit the Group's strict acquisition targets, this may restrict the ability to expand the business.</li> <li>A lack of business development success will hinder the Group's ability to reduce its portfolio concentration as a key failure of any single asset will impact the Group's overall performance and its ability to achieve business targets.</li> <li>A persistent lack of business development success may result in negative investor confidence potentially impacting funding availability.</li> <li>Poor due diligence or unfavorable transaction terms may add low quality assets or unexpected liabilities to the Group impacting business objectives.</li> </ul>
<b>Capital funding</b>  <b>Risk Owner:</b> CFO  Change in year ⬇	<ul style="list-style-type: none"> <li>The Group's business plan requires access to capital to fund future expansion and is dependent on developing a sustainable capital structure which supports business targets.</li> <li>A change in sentiment towards funding of upstream oil and gas production and development could impact access to capital and/or the terms under which capital is provided.</li> </ul>
<b>Climate change – transition risks</b>  <b>Risk Owner:</b> ESG & Sustainability Manager  Change in year ⬆	<ul style="list-style-type: none"> <li>Climate change and the transition to a low-carbon future represent material risks to the business that may affect the Group's ability to execute its strategy.</li> <li>The potential impacts from emerging policy, regulation, investor sentiment and a shift to low-carbon sources of energy could impact the performance of the business and may increase costs, affect access to capital, reduce asset value and restrict future growth opportunities.</li> </ul>
<b>Development and recovery of reserves</b>  <b>Risk Owner:</b> Country Managers Group Subsurface Manager  Change in year <>	<ul style="list-style-type: none"> <li>The Group is currently dependent on a small number of producing assets. A reserve write-down may impact business performance and corporate reputation.</li> <li>The Group operates mid-to-late-life assets and low oil prices or prolonged field shutdowns requiring high cost remediation could accelerate the end of field life impacting recoverable reserves.</li> </ul>
<b>Funding of decommissioning risk</b>  <b>Risk Owner:</b> Regional Operations Manager  Change in year NEW	<ul style="list-style-type: none"> <li>There is increasing regulatory focus on operators to have sufficient financial capability to fund all their decommissioning commitments as and when they fall due. Future legislative changes could require capital to be set aside for decommissioning activities, restricting cashflows and the availability of funds for investment or returns to shareholders.</li> <li>The asset retirement obligations, including future estimated decommissioning costs, are based on judgements, estimates and assumptions that may differ from the actual expenditure when it is incurred.</li> <li>The asset retirement obligation estimate is based upon current legislation, industry best practice, timing and prevailing decommissioning technologies. There is a risk that any element of the judgement may prove to be incorrect, potentially negatively impacting business performance.</li> </ul>

### Risk movement during the year and select mitigations

- The risk remains unchanged compared to prior year as the controls in place ensure only the right opportunities are pursued. The Group is committed to grow via acquisitions, so the risk remains a principal risk for the Group.
  - The Group reviews a significant number of inorganic business development opportunities within its core region on an annual basis. If an opportunity complements the portfolio and supports the achievement of business objectives, then it will be progressed to a formal due diligence review.
  - The Group's senior management team has extensive knowledge and experience in the region with the necessary skills and experience to evaluate potential business opportunities that align with the Group's strategic focus. Additionally, third-party expertise is sought for select key disciplines, if required.
  - Business development opportunities are assessed against strict criteria through detailed due diligence analysis.
  - Acquisition opportunities are only progressed if they create shareholder value and capital is directed at those projects and assets that are deemed to offer compelling returns.
- 
- The Group has strengthened its balance sheet during 2021 by repaying the its reserves based loan in full, and generated significant cash from an expanded portfolio, which has lowered the risk of not being able to obtain finance, but the risk remains a principal risk based on investors' and lenders' changing sentiment towards oil and gas projects.
  - The Group maximises its net cash position while ensuring sufficient liquidity and minimising interest bearing debt.
  - Cash forecasts are continually monitored, including multiple scenarios for base case, and low cases with mitigations.
  - The Board and management deploy a disciplined approach to the allocation of capital across the portfolio.
  - Strong long-term relationships are sought and maintained with both major international financial institutions lending to upstream oil and gas companies and leading institutions investing in the equity of the same companies.
- 
- In the face of the latest climate science, growing societal expectations and emerging policies including carbon taxes, the risk to the oil and gas industry and Jadestone's business increased compared to the previous year.
  - The Group recognises the increasing importance of climate change-related risks and it has taken steps to formalise its approach to managing exposure, summarised on pages 33 to 38 of this report.
  - Energy transition-related policy developments are monitored in core regions and potential implications on the business are evaluated and reflected in the Group's financial modelling.
  - The Group undertakes climate scenario analysis across its portfolio that assesses the resilience of its assets in different oil and carbon price environments.
  - The Group is committed to becoming Net Zero Scope 1 and 2 GHGs on its operated assets by 2040 and by the end of 2023 will develop and publish a GHG emission reduction roadmap for its key assets. The roadmap will include interim targets and concrete interventions to decarbonise its upstream operations in line with the Net Zero commitment.
- 
- There has been no material change in the likelihood or business impact and potential reserve write-downs continue to be a principal risk.
  - The majority of the Group's reserves are in production. Reserves are assessed by reference to actual performance data, reducing the uncertainty range and risk of a write-down. Internal technical reserves reviews ensure a high-quality submission. All assets are either audited or reviewed on an annual basis.
  - The Group places a strong emphasis on subsurface analysis and has centralised its subsurface teams in order to develop a centre of excellence to manage the asset portfolio and evaluate new opportunities across the region.
- 
- The Group reviews its decommissioning obligations on a regular basis and estimates are annually audited by third-party experts.
  - Relevant legislation is monitored, and proposed changes discussed with relevant stakeholders including regulators and industry bodies.
  - The Group operations in Malaysia, Vietnam and Indonesia operate under PSCs that require regulator approved and monitored cess funding which ensures decommissioning funds are set aside over the duration of the PSC.
  - Decommissioning is included in long-term business plans to ensure sufficient cash is preserved in the business to fund all of the decommissioning liabilities.




-  Risk has increased during the year  
 Risk has decreased over the year  
 No change in the risk over the year



Risk	Risk description
<p><b>HSE risks</b></p> <p><b>Risk Owner:</b> Regional HSE Manager</p> <p>Change in year </p>	<ul style="list-style-type: none"> <li>The nature of our operations and location of key producing assets means HSE is a key priority for the Board and senior management team.</li> <li>An unsafe working environment and the failure to observe appropriate HSE standards could result in personal injury, fatality and/or reputational damage. The consequence of a failure to manage HSE risk could result in penalties, increased costs and the potential loss of the Group's license to operate.</li> </ul>
<p><b>Human Resources</b></p> <p><b>Risk Owner:</b> Regional HR Manager</p> <p>Change in year <b>NEW</b></p>	<ul style="list-style-type: none"> <li>The Group is dependent on its ability to recruit, develop and retain key personnel in order to achieve its long-term strategic objectives. There is a risk that personnel may be lost via natural attrition or to competitors resulting in a delay finding replacements, this may generate an inability to meet strategic objectives with increased constraints on the capacity and morale of remaining staff.</li> <li>The Group is committed to maintaining a diverse and inclusive workforce across the organisation to help protect against skill shortages.</li> <li>In response to COVID-19 and the evolving markets in which the Group operates, the Group is reliant on a mobile workforce to deliver operational performance in line with expectations.</li> <li>Industrial action across key sectors or assets could impact operational targets, costs and resultant cash flows for the Group.</li> </ul>
<p><b>IT resiliency &amp; continuity</b></p> <p><b>Risk Owner:</b> Regional IT Manager</p> <p>Change in year </p>	<ul style="list-style-type: none"> <li>The reliance on IT systems, networks and processes continues to evolve and as the Group grows and develops, the connectivity of networks and systems becomes more complex.</li> <li>A cyber security breach could impact operations resulting in a financial loss and/or the disclosure of confidential information resulting in financial loss, corporate reputational damage and/or legal exposure for the Group.</li> </ul>
<p><b>Oil price risk</b></p> <p><b>Risk Owner:</b> CFO</p> <p>Change in year </p>	<ul style="list-style-type: none"> <li>The Group's earnings are dependent on oil prices which are influenced by supply and demand trends and geopolitical events. A prolonged decline in oil prices would have a negative impact on revenues, margins, profitability and cash flows of the Group.</li> <li>A sustained period of low oil prices would adversely impact the Group's liquidity, investment and expansion plans. In addition, it could also adversely impact commercial reserves, asset values and the Company's ability to make shareholder returns.</li> </ul>



### Risk movement during the year and select mitigations

- There has been no change in the potential impact or likelihood of the HSE risks due to the nature of our operations and the environments in which the Group operates.
  - The Board's HSEC committee oversees and sets standards for the Group, to drive accountability and commitment throughout the organisation.
  - The Group targets zero lost time incidents. Any lost time or near-miss incidents are investigated and any and all lessons learnt implemented promptly throughout the Group, alongside active monitoring of HSE leading and lagging indicators.
  - The Group is committed to maintaining robust health and safety policies, including procedures in place to respond to unexpected operational incidents.
  - The Group's HSE management system includes environmental impact statements, environmental plans, oil spill response and other emergency plans and operational safety cases.
  - Regular training and exercises are used to test the Group's preparedness for any major incidents.
- 
- The Board via the Governance and Nomination Committee together with the leadership team continually monitor succession plans for key management personnel and other critical positions. Succession plans have been established for each Jadestone office.
  - The Remuneration Committee and leadership team assess the Employee Value Proposition to ensure alignment with market place and competitors.
  - The Group functions are focused on employee career development to build a depth of knowledge and experience to ensure continuity.
  - During 2021, the Group conducted a comprehensive staff survey of all onshore and offshore staff. The results have been assessed and areas of concern addressed.
  - The Group continues to support diversity across the organisation considering national origin, race, ethnicity, gender, religion and marital status to maintain an inclusive workplace. All appointments are made based on merit, experience and performance, whilst actively seeking diversity of skills, gender, social and ethnic backgrounds. The Board's oversight role includes ensuring that diversity and inclusion are integrated into HR standards and recruitment processes.
  - The Group has implemented Standard Operating Procedures for onshore and offshore personnel. The Group continues to monitor the evolving situation and aligns with industry and medical specialists to ensure appropriate actions are implemented in conjunction with expert advice and prevailing level of risk.
  - The Group is working with industry experts to review and mitigate potential industrial relations risk; related to its Australia assets, following guidance provided by Fair Work Commission and Fair Work Act.
- 
- The likelihood and impact hasn't changed during the year as the Group continues to enhance its security systems to minimise potential business disruptions.
  - Extensive data and server backups are performed regularly.
  - The Group's IT redundancy strategy is applied to its critical systems and network. The most up to date security software is maintained, and support and training is provided to all staff to minimise the exposure of security threats.
  - Network and critical system penetration tests are also performed to measure and ensure an appropriate level of protection.
  - Multi-Factor Authentication has been enabled with several other initiatives such as Mobile Device Management and Data Loss Protection solutions scheduled to be rolled out in the near-term.
- 
- The commodity price risk has reduced over the year as short-term commodity prices have increased but the risk remains high due to the uncertain economic outlook with COVID-19, high inflation and the Russia/Ukraine conflict.
  - The Group maintains a continual focus on its cost structure and cost efficiency initiatives, to embed cash flow resiliency. The Group uses commodity price hedging to mitigate the exposure to fluctuations in oil prices during periods of elevated capital expenditure and/or debt incurrence.
  - During the formulation of the annual work plan and budget and three-year plan, different scenarios are considered which include a range of oil price outcomes and cost profiles to establish the potential impact on Group revenues, profitability and cash flows.
  - The Group seeks to diversify its asset portfolio and reduce exposure to commodity price fluctuation through fixed price gas contracts, including the Akatara gas and liquids project in Indonesia and the Nam Du/U Minh gas development offshore Vietnam.

-  Risk has increased during the year  
 Risk has decreased over the year  
 No change in the risk over the year

Risk	Risk description
<b>Operating performance</b>  <b>Risk Owner:</b> Regional Operations Manager  Change in year 	<ul style="list-style-type: none"> <li>The Group is focused on producing assets and aims to bring discovered hydrocarbons into production rapidly.</li> <li>In the case of mid-life and/or maturing producing assets there is a risk that operational performance will decline through lower production, increased costs and/or deteriorating infrastructure reliability/uptime.</li> </ul>
<b>Pandemic impacts</b>  <b>Risk Owner:</b> Country Managers  Change in year 	<ul style="list-style-type: none"> <li>The COVID-19 pandemic generated business disruption risk due to the disruption arising from infection of key personnel and the possibility of having to temporarily reduce or cease operations, in turn impacting on cash flows and profitability.</li> <li>The prolonged pandemic impacts and its effects on the global economy remain uncertain with the continual risk of new strains having the potential to severely impact commodity prices and staff mobility, among other factors.</li> </ul>
<b>Project execution &amp; economics</b>  <b>Risk Owner:</b> Country Managers  Change in year 	<ul style="list-style-type: none"> <li>The Group's near-term growth is primarily dependent on the successful execution of strategic projects in Indonesia and Vietnam and the completion of the Maari acquisition in New Zealand.</li> <li>Project delays and/or a failure to complete the Maari acquisition could negatively impact operational performance and economic outcomes resulting in a misalignment of shareholder expectations and a decline in shareholder value.</li> </ul>
<b>Regulatory infringement</b>  <b>Risk Owner:</b> Country Managers  Change in year 	<ul style="list-style-type: none"> <li>Regulations across the Asia-Pacific region are diverse and complex and include, among others, operational efficiency, legal, tax and environmental controls. A breach of any aspect may result in the loss of production, lower revenues, increased costs, lower profits and cash flow, and/or reputational damage.</li> </ul>
<b>Sovereign / political risk</b>  <b>Risk Owner:</b> Country Managers General Counsel/CEO  Change in year 	<ul style="list-style-type: none"> <li>The Group's key assets are located in politically stable countries, but there is always the possibility of governmental or regulatory changes which could negatively impact the business.</li> <li>The Russia/Ukraine conflict has created geopolitical, social and economic uncertainty. The conflict has impacted commodity prices at a time of rising cost of living resulting in political pressure for windfall taxes on the oil and gas sector.</li> <li>Other potential consequences of political, social or economic instability could be adverse changes to cost recovery, taxation and additional import and export controls.</li> </ul>

### Risk movement during the year and select mitigations

- The risk likelihood and impact hasn't changed during the year as the business continues to operate mid/late-life assets.
  - The Group deploys a mid-life field operating philosophy, which closely monitors reservoir, well and plant performance while continuously seeking operating efficiencies and reinvestment opportunities to increase recovery rates and the production life of each field.
  - The Group operates a continuous improvement mindset, designed to identify cost saving opportunities that lower the cost base across Group operations and offices.
  - The Group is focused on building a diverse and resilient portfolio, to minimise the risk of over exposure to the performance of individual assets.
- 
- The Group monitors the evolving situation and guidance surrounding COVID-19, as more information becomes known about the disease new procedures and controls are developed, which has lowered the risk over the year.
  - While the disruptions have been managed in the short term, any prolonged pandemic related restrictions could impact business performance through a decline in commodity prices and additional expenditure to meet new working arrangements.
  - The Group has assessed the financial and operational risks to the business and implemented multiple policies in response to the COVID-19 pandemic. The Group implemented new procedures covering IT, travel, supply chain and operations. The Group also implemented recommended safe practices across its operations and offices including remote working guidelines and established pandemic response committees at each location to manage local best practice.
  - The Group has encouraged all staff to get vaccinated against the COVID-19 virus, and follow recommended hygiene and social distancing guidelines.
- 
- There has been no material change in the likelihood or impact of the risk and project economics and execution are a key feature of the long-term strategy for the Group.
  - The Board and management seek out regular dialogue with national oil companies, regulators, and other government bodies to ensure acceptance and approvals are obtained as soon as possible.
  - Projects are tailored to local market conditions, including with regard to supply and price.
  - Project economics are assessed with multiple sensitivities to identify critical challenges, including contingency planning for potential project failures.
  - Management regularly provides strategic updates and project status to shareholders and other stakeholders.
- 
- There has been no material change in the likelihood or impact of the risk but due to the nature the risk it remains a principal risk for the Group.
  - The Group maintains positive relationships with governments and key stakeholders, and actively monitors the political and regulatory environment within each of the countries and regions in which it operates. There are regular communications with government and trade bodies to understand potential and actual changes in the regulatory environment. Government relations officers are employed in-country, where it is deemed appropriate, to liaise with government bodies to understand the potential impacts of likely regulatory changes on the business.
  - Jadestone operates as a good corporate citizen, including in accordance with PSC and tax regulations.
  - New assets are assessed for political risk, and the potential negative impacts that could arise on the Group.
  - Policies and procedures are regularly updated to reflect changes in each of the jurisdictions in which the Group operates.
- 
- There has been no change in the potential likelihood or impact but the risk is continually monitored and evaluated.
  - The Group maintains positive relationships with governments and key stakeholders, and actively monitors the political and regulatory environment within each of the countries and regions in which it operates.
  - New assets are assessed for political risk, and the potential negative impacts that could arise on the Group.

# Operational review

## Producing assets

### Australia

#### Montara project

The Montara project, in production licences AC/L7 and AC/L8, is located 254 km offshore Western Australia, in a water depth of approximately 77 metres. The Montara project comprises three separate fields being Montara, Skua and Swift/Swallow, which are produced through an owned FPSO, the Montara Venture.

As at 31 December 2021, the Montara assets had proven plus probable reserves of 20.9mm barrels of oil, 100% net to Jadestone.

The fields produce light sweet crude (42° API, 0.067% mass sulphur), which typically sells for average Dated Brent plus the average Tapis differential in the month of lifting. The premium in 2021 ranged between US\$0.43/bbl to US\$2.94/bbl. Premiums have increased in the first half of 2022, with the latest Tapis Brent differential at around US\$6.47/bbl.

By late September 2021, the H6 infill development well had been successfully drilled and tied into the Montara field facilities and production commenced. The well includes a circa 1,200 metre horizontal section of the reservoir in good quality oil-bearing sands. The well delivered an initial rate, after clean-up, approaching 10,000 bbls/d.

Following the completion of the H6 well, two subsea workovers on Skua-10 and 11 were performed with Skua-10 returning to stabilised production of 1,500 bbls/d. The return of production for Skua 11 was delayed to March 2022 due to required repairs on the subsea hydraulic connection, which were successfully achieved, and the well was brought back on-stream with stabilised production of 1,500 bbls/d.

Montara production averaged 7,647 bbls/d in 2021 (2020: 9,045 bbls/d). Lower production was the result of natural field decline and additional downtime associated with the drilling of H6 and the subsea workovers of Skua 10 and 11, plus an unscheduled shutdown in early 2021 to replace defective valves on the FPSO.

There were six liftings in 2021, resulting in total sales of 3.0 mmbbls, compared to 3.2 mmbbls in 2020 from the same number of liftings.

As part of Montara's three-to-four-year regular maintenance shutdown schedule, a three-week planned shutdown was originally planned for July 2022. The key workstream during this planned shutdown was the replacement of the gas turbine core, which was moved forward to February/March due to the compressor outage earlier in the year. As a result, the work scope of the planned shutdown has been significantly reduced, and all remaining critical maintenance activities can be carried out by a shorter one-week turn-around which has now been scheduled for later in 2022. Rescheduling has the added advantage of avoiding competition for labour during the Australian offshore maintenance season, and a shorter

shutdown allows for maximised oil production while oil price and premiums remain high. A small amount of carry-over work may result from this but to be clear, none of this will impact on the integrity or safety of the Montara assets.

#### Stag oilfield

The Stag oilfield, in production licence WA-15-L, is located 60 km offshore Western Australia in a water depth of approximately 47 metres.

As at 31 December 2021, the field contained total proved plus probable reserves of 12.6mm barrels of oil, 100% net to Jadestone.

The Stag oilfield produces heavier sweet crude (18° API, 0.14% mass sulphur), which historically sells at a premium to Dated Brent. The premium in 2021 ranged between US\$8.30/bbl to US\$13.88/bbl. The most recent lifting was agreed at a premium of US\$23.72/bbl.

During 2021, the under-buoy hose, which is used for crude oil off-loading was replaced, an undertaking which is scheduled to occur only once every five years. In addition, two extra well workovers were performed during the year compared to average, which partially reflects the clearing of a backlog of workovers which had built up in the early stages of the COVID-19 pandemic.

Production was maintained at 2,359 bbls/d in 2021, compared to 2,394 bbls/d in 2020, through ongoing production optimisation despite the constraints of COVID-19 on workover execution.

There were four liftings in 2021, for total sales of 1.0 mmbbls, compared to 0.9 mmbbls in 2020 from the same number of liftings. Asset operational and maintenance complexity was reduced through successful operation of an innovative storage tanker offloading arrangement.

A once-in-every-three-years routine shut down was conducted in Q2 2022 to perform pressure vessel inspections. In Q3 2022, the 50H and 51H infill development wells are scheduled to be drilled. These development wells are anticipated to complete and come onstream in Q4 2022, and are expected to add around 1,000 bbls/d to current production levels.



## Malaysia

### Operated: PM 323 and PM 329 PSCs & Non-operated: PM 318 and AAKBNLP PSCs

On 1 August 2021, Jadestone completed the acquisition of the entire share capital of SapuraOMV Upstream (PM) Inc., for a cash consideration of US\$20.0 million, comprising the headline price of US\$9.0 million plus adjustments of US\$11.0 million.

The economic effective date of the acquisition was 1 January 2021, meaning the Group was entitled to the net cash generated since 1 January 2021 up to the completion date. As a result, on 1 August 2021 the Group obtained gross cash held by SapuraOMV of US\$29.2 million, resulting in a net cash receipt of US\$9.2 million.

There are two separate potential contingent payments of US\$3.0 million each related to the annual average Dated Brent price exceeding US\$65/bbl in 2021 and US\$70/bbl in 2022. Dated Brent averaged US\$70.91/bbl in 2021 and as a result the first US\$3.0 million contingent payment was paid in January 2022. Management believes the second contingent payment is probable and thus recognised a discounted provision of US\$1.4 million in the annual financial statements for the year ended 31 December 2021.

Post completion, the name of the acquired entity was changed to Jadestone Energy (PM) Inc. (the "PenMal Assets").

The PenMal Assets consist of four licences, two of which are operated by the Group. The two operated licences comprise a 70% interest in the PM329 PSC, containing the East Piatu field, and a 60% interest in the PM323 PSC, which contains the East Belumut, West Belumut and Chermingat fields. Both PSCs are located approximately 230km northeast of Terengganu in shallow water. All fields are in production, and have been developed by way of fixed wellhead and central processing platforms. The two non-operated licences consist of 50% working interests in each of the PM318 PSC and in the Abu, Abu Kecil, Bubu, North Lukut, and Penara oilfields ("AAKBNLP") PSC. The two non-operated PSCs are located in the same region as PM329 and PM323.

The PenMal Assets added immediate cash flow from 6,057 boe/d, on a net working interest basis, of which over 89% is oil. The PenMal Assets produce light sweet crude that is blended to Tapis grade (43° API, 0.04% mass sulphur).

The PenMal Assets added 11.2 mmbbl net working interest 2P reserves to the Group's 2P reserves as at 31 December 2021.

The Group believes there is scope to add incremental value to the PenMal Assets in the near-term through both reservoir optimisation and production optimisation/enhancement activities across the PM323 and PM329 operated licences. Gas reinjection is expected to be a key part of reservoir optimisation. Production enhancement has been initially focused on restoring idle wells to production, while ongoing production optimisation is focused on both gas lift and topsides processes. In addition, there are infill development well opportunities at the West Belumut and East Piatu fields, which will be evaluated in parallel with the East Belumut infill potential.

In 2021, average production from the PenMal Assets since the completion date was 5,377/bbls/d of oil and 4,084 mscf/d of gas (for a total of 6,057 boe/d), net to Jadestone's working interest. Averaged over the full year this is equivalent to 2,539 boe/d, net to Jadestone. The average realised crude oil price was US\$78.29/bbl, while gas sold for US\$2.19/mcf. The average premium in 2021 ranged between US\$0.27/bbl to US\$3.46/bbl. The most recent lifting was agreed at a premium of US\$4.33/bbl.

Between the date of acquisition and the year end there were seven liftings resulting in total sales of 582,181 boe and gas sales of 624.8 mcf.

On 7 February 2022, the Bunga Kertas FPSO, deployed at the non-operated assets, had its class suspended, resulting in the fields having to shut in and temporarily cease production. The operator anticipates the FPSO will have its class reinstated by July/August 2022. Since the class suspension there has been no production from the non-operated assets.



## Pending acquisition

### New Zealand

#### Maari project

On 16 November 2019, the Group executed a sale and purchase agreement with OMV New Zealand Limited ("OMV New Zealand"), to acquire an operated 69% interest in the Maari project, located 120 km offshore New Zealand, in a water depth of 100 metres, for a total headline cash consideration of US\$50.0 million and subject to customary closing adjustments.

The transaction has achieved several key milestones with regard to regulatory approvals, and the Group continues to focus on securing the remaining ministerial consents from the New Zealand Government, including the approval for transfer of operatorship.

Jadestone and OMV New Zealand continue to work towards completion of the transaction. The Group would assume the operatorship of the Maari project upon completion of the transaction. The economic benefits from 1 January 2019 until the closing date will be adjusted in the final consideration price. This is anticipated to be a net receipt to the Group.



## Pre-production assets

### Indonesia

#### Lemang PSC

The Lemang PSC is located onshore Sumatra, Indonesia. The PSC contains the Akatara field, which has been substantially de-risked with 11 wells drilled into the structure, plus three years of oil production history, up until the field ceased oil production in December 2019.

On 30 June 2021, the Minister of Mines and Energy of Indonesia issued a Ministerial decree that facilitates the development and commercialisation of the gas field, allocating gas sales from the Akatara gas field in the Lemang PSC to a subsidiary of PT Perusahaan Listrik Negara, the national electricity utility, and the associated production and sales of LPG to the local domestic market in Jambi province, together with condensate sales to a local buyer. On 1 December 2021, a gas sale agreement was signed between Jadestone and PT Pelayanan Listrik Nasional Batam, as buyer.

In early 2022, Jadestone launched a tender for the engineering, procurement, construction and installation contractor ("EPCI") for the Akatara development. After a rigorous process, a recommendation on the EPCI contractor was made to the Indonesian upstream regulator, SKKMigas, in May 2022. Regulatory approval was received in late May 2022 and the EPCI contract signed in early June 2022, allowing Jadestone to take a final investment decision ("FID") and accelerate development activity on the Akatara field.

The Akatara gas field has been independently estimated to contain a 2C gross resource (pre local government back-in rights) of 63.7 bcf of sales gas, 2.5 mmbbls of condensate and 5.6 mmboe of LPG, equating to a combined 18.7 mmboe of resource, or 16.8 mmboe net to Jadestone's existing 90% working interest. Following FID, Jadestone will book its share of economic Akatara gas resources at the end of 2022.

Jadestone is pursuing a low-cost development of the field, including efficient re-use of existing wells and infrastructure, thereby minimising incremental impact on the local environment. The Akatara gas project remains on track for first gas in H1 2024.

On 24 November 2021, the Group announced the acquisition, subject to customary approvals, of the remaining 10% interest in the PSC from PT Hexindo Gemilang Jaya ("Hexindo"). Through this transaction, the Group's interest in the Lemang PSC will increase to 100%, pre local government back-in rights. In return for the transfer of Hexindo's 10% stake, the Group will waive unpaid amounts related to Hexindo's interest in the Lemang PSC and will pay a consideration of US\$0.5 million (inclusive of transfer taxes) subject to the approval of government, shareholders of Hexindo and the shareholders of Eneco Energy Limited, Hexindo's parent company. Jadestone anticipates receiving the remaining approvals in Q3 2022.

## Exploration assets

### Vietnam

#### Block 51 and Block 46/07 PSCs

Jadestone holds a 100% operated working interest in the Block 46/07 and Block 51 PSCs, both in shallow waters in the Malay Basin, offshore southwest Vietnam.

The two contiguous blocks hold three discoveries: the Nam Du gas field in Block 46/07 and the U Minh and Tho Chu gas/condensate fields in Block 51, with 2C resources of 93.9 mmbbl.

The Tho Chu discovery in Block 51 is currently under suspended development area status, with the exploration period expiring in June 2023.

The formal field development plan ("FDP") in respect of the Nam Du/U Minh development was submitted to the Vietnam regulatory authorities in late 2019. The Group deferred the project in mid-March 2020, amid delays in Vietnamese Government approvals and the drop in global oil prices due to COVID-19.

Discussions are continuing with the Vietnamese Government and Petrovietnam to reinstate the project, agree a gas production profile for the development, as a precursor to a gas sales contract, and ultimately attaining government sanction for the field development.

### Philippines

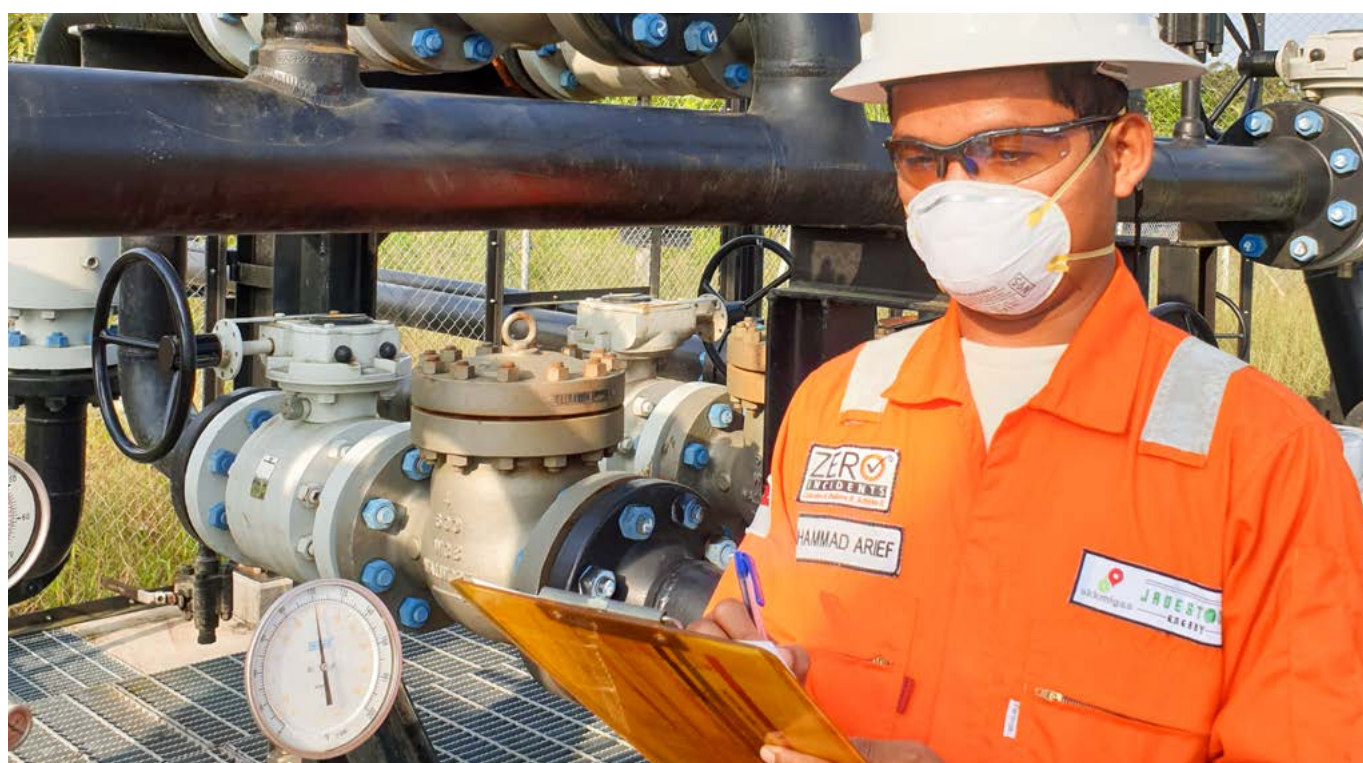
#### Service Contract 56 ("SC56")

In 2020, Total E&P Philippines B.V. ("Total") and Jadestone informed the Philippines Department of Energy of their intention to voluntarily surrender the entire interest in SC56 (Jadestone 25% working interest) and accordingly, to terminate the contract. The effective date of termination was 21 December 2020.

Following the termination, in Q3 2021, the Group paid US\$1.5 million to the Philippines Department of Energy, related to the unfulfilled minimum work programme, net to Jadestone's 25% participating interest.

#### Service Contract 57 ("SC57")

In 2006, the Group executed an agreement with the Philippines National Oil Company ("PNOC") to acquire a 21% working interest in SC57. The acquisition required the approval of the Office of the President of the Philippines and in December 2021 the Philippines Department of Energy advised such approval will not be granted. The Group is now seeking reimbursement from PNOC for costs of approximately US\$0.9 million which it incurred in relation to a 2008 seismic acquisition campaign.





# Financial review

The following table provides select financial information of the Group, which was derived from, and should be read in conjunction with, the audited consolidated financial statements for the year ended 31 December 2021.

USD'000 except where indicated	2021	2020
Sales volume, barrels of oil equivalent (boe)	4,562,279	4,165,612
Production, boe/d	12,545	11,438
Realised oil price, US\$/boe <sup>1</sup>	74.34	44.79
Revenue <sup>2</sup>	340,194	217,938
Production costs	(206,523)	(105,338)
Operating costs per barrel of oil equivalent (US\$/boe) <sup>3</sup>	26.22	23.10
Adjusted EBITDAX <sup>3</sup>	157,948	62,582
Unit depletion, depreciation & amortisation (US\$/boe)	13.67	16.24
Impairment	-	50,455
Profit/(loss) before tax	1,080	(57,238)
Loss after tax	(13,742)	(60,178)
Loss per ordinary share: basic & diluted (US\$)	(0.03)	(0.13)
Dividend per ordinary share (US¢)	1.93	1.62
Operating cash flows before movement in working capital	96,622	86,883
Capital expenditure	55,996	24,065
Outstanding debt <sup>3</sup>	-	7,386
Net cash <sup>3</sup>	117,865	82,055

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

2 Revenue in 2020 included hedging income of US\$31.4 million, pursuant to the characterisation of the two-year capped swap programme as a cash flow hedge under IFRS 9. Losses realised from the 2021 swaps of US\$4.6 million were recognised in other expenses, pursuant to the characterisation of the ad hoc 2021 six-month swap programme as derivative instruments measured at fair value through profit or loss. The 2021 swap programme covered a short time span (not exceeding a half yearly reporting period), whereas the capped swap programme crossed three annual reporting periods.

3 Operating cost per boe, adjusted EBITDAX, outstanding debt and net cash are non-IFRS measures and are explained on pages 72 to 74.



## Benchmark commodity price and realised price

The average benchmark price incorporated into the Group's liftings was US\$70.94/bbl in 2021, an increase of 75% compared to 2020 at US\$40.61/bbl.

The actual average realised price in 2021 increased broadly in line with the benchmark price, by 66% to US\$74.34/bbl, compared to US\$44.79/bbl in 2020. The average premium for the year was US\$3.39/bbl, compared to 2020 of US\$4.17/bbl. The decline in premiums was predominately due to the inclusion of PenMal Assets barrels with an average premium of \$1.14/bbl. Stag averaged US\$11.20/bbl (2020:11.45/bbl) and Montara US\$1.14/bbl (2020: US\$2.04/bbl).

Since the December 2021 year end, premiums have continued to increase with the most recent liftings achieving a premium of US\$6.47/bbl, US\$23.72/bbl and US\$4.33/bbl, at Montara, Stag and PenMal Assets respectively.

## Production and liftings

The Group generated average production of 12,545 boe/d in 2021, compared to 11,438 bbls/d in 2020. Production increased due to the acquisition of PenMal Assets which generated average production of 6,057 boe/d since the date of acquisition, or 2,539 boe/d averaged over the full year. Montara production declined in 2021 to 7,647 bbls/d from 9,045 bbls/d in 2020 due to natural field decline and downtime associated with the drilling of H6 and workovers on Skua 10 & 11, plus an unscheduled shutdown to replace defective valves on the FPSO. Stag production in 2021 was 2,359 bbls/d, broadly in line with the 2,394 bbls/d achieved in 2020.

The Group had 17 liftings during the year (2020: 10), resulting in sales of 4.6 mmbbls (2020: 4.2 mmbbls), reflecting the higher production compared to 2020. The PenMal Assets contributed seven oil liftings since August, representing 0.6 mmbbls. In addition, PenMal Assets produced and sold 624.8 mcf (approximately 0.1 mmbbl) of natural gas, which is sold via pipeline directly to PETRONAS.

## Revenue

The Group generated revenue of US\$340.2 million in 2021, an increase of 56% compared to 2020 of US\$217.9 million, and the highest revenue ever recorded by the Group. The increase of US\$122.3 million was predominately due to:

- Higher average realised prices in 2021, compared to 2020 for Stag and Montara, contributing an additional US\$115.3 million;
- PenMal Assets generating oil revenues of US\$45.6 million and gas sales of US\$1.0 million (2020: nil);
- A decrease of 0.2 mmbbls in lifted volumes at Montara and Stag in 2021 compared to 2020, resulting in a decline in revenues of US\$8.3 million; and
- Hedging income was nil<sup>1</sup> in 2021, a decline of US\$31.4 million compared to 2020. The Group's 24 month capped swap cash flow hedge programme ended on 30 September 2020.

<sup>1</sup> The hedging loss in 2021 of US\$4.6 million was recognised within other expenses, as opposed to offsetting against revenue, due to the adoption of a different accounting treatment for the 2021 commodity swap contracts. The two-year capped swap programme was characterised as a cash flow hedge under IFRS 9 and realised gains were recognised as part of revenue. Losses realised from the 2021 swaps were recognised in other expenses, pursuant to the characterisation of the ad hoc 2021 six-month swap programme as derivative instruments measured at fair value through profit or loss. The 2021 programme covered a short time span (not exceeding a half yearly reporting period), whereas the capped swap programme crossed three annual reporting periods.

## Production costs

Production costs increased by 96% in 2021 to US\$206.5 million, from US\$105.3 million in 2020, predominately due to:

- Workover costs of US\$67.0 million (2020: US\$21.7 million), mostly related to the subsea workovers at Skua 10 & 11 of US\$47.2 million. The Montara subsea workovers were a one-off event and differ from the pump replacements at Stag as they require a dedicated drilling rig, whereas the Stag workovers are undertaken by the hydraulic workover unit in place on the Stag platform. There were nine workovers at Stag in 2021, compared to eight in 2020;
- Repairs and maintenance costs of \$45.2 million, compared to US\$22.5 million in 2020, with the PenMal Assets contributing US\$5.1 million and Australia an additional of US\$17.6 million compared to 2020. Montara incurred an additional US\$11.6 million due to a once-in-every-three-year subsea flowline inspection, a subsea control module ("SCM") change-out on the Swift North well and higher fabric maintenance costs. Stag incurred an additional US\$6.0 million due to a once-in-every-five-years under-buoy hose replacement and also higher fabric maintenance costs;
- Operating costs increased to US\$61.6 million (2020: US\$45.2 million), with the PenMal Assets contributing US\$11.2 million, plus higher contractor charges at Stag and Montara from changing rosters in response to COVID-19 restrictions;
- Logistics costs increased to US\$20.2 million (2020: US\$18.9 million), with the PenMal Assets contributing US\$2.3 million;
- Transportation costs of US\$2.8 million in 2021 (2020: nil), reflecting the change in offtake arrangements at Stag following the cancellation of the Dampier Spirit FSO lease in September 2020. The revised offtake arrangements in Q4 2020 and through 2021 resulted in a change to the point of sale, with end buyers predominately located in Singapore and Malaysia, which resulted in the Group paying transportation expenses; and
- A net inventory movement of US\$12.5 million (2021: US\$9.7 million; 2020: credit of US\$2.8 million), reflecting the year-on-year differential of the Group's crude inventories on hand and the change in net underlift/overlift position of the Group at year end due to production imbalances with the joint operating partner in the PenMal Assets. There were 274,103 bbls on hand at 2021 year end, compared to 601,999 bbls at 2020 year end, contributing to US\$9.0 million. Additionally, the Group has a net underlift of 88,398 bbls from PenMal Assets at year end, compared to 135,115 bbls on the acquisition date, contributing to US\$3.5 million.

Unit operating costs per barrel of oil equivalent were US\$26.22/boe (2020: US\$23.10/bbl), before workovers and movement in inventories, but including net lease payments and certain other adjustments (see non-IFRS measures below). Unit costs increased due to the lower production at Montara and higher operating costs including repairs & maintenance.

## Depletion, depreciation and amortisation ("DD&A")

DD&A charges were US\$80.2 million in 2021, compared to US\$84.6 million in 2020, reflecting lower production at Montara during the year, resulting in a decrease in depletion charges in Australia of US\$9.0 million compared to 2020. The reduction was partly offset by depletion charges at the PenMal Assets of US\$3.6 million since the date of acquisition of 1 August 2021.

Depreciation of the Group's right-of-use assets declined by US\$5.0 million mostly due to the termination of the Dampier Spirit leased FSO at Stag in 2020.

The depletion cost on a unit basis was US\$13.67/boe in 2021 (2020: US\$16.24/bbl), predominately due to the inclusion of PenMal Assets which lowered the average DD&A unit charge. The combined depletion cost on a unit basis at both Stag and Montara remained largely comparable to 2020 (2021: US\$16.16/bbl; 2020: US\$16.24/bbl). The PenMal Assets, by comparison, recorded unit depletion charges of US\$3.87/boe.

## Staff Costs

Total staff costs were US\$51.8 million in 2021, comprising US\$26.8 million (2020: US\$20.7 million) in relation to offshore employees, which are recorded under production costs, and US\$25.1 million (2020: US\$21.9 million) associated with administrative employees. The average number of employees employed by the Group during the year was 278 (2020: 210), reflecting the additional employees associated with the acquisition of the PenMal Assets.

## Other expenses

Other expenses decreased in 2021 to US\$26.2 million (2020: US\$26.9 million). The variance of US\$0.7 million was predominately due to:

- Reduction of non-recurring costs by US\$9.2 million compared to 2020. In 2021, the Group incurred total non-recurring costs of US\$5.2 million, these included internal reorganisation costs of US\$1.1 million, acquisition costs of US\$0.8 million in relation to the PenMal Assets, and several other business development related expenses of US\$3.3 million. In comparison, the Group had a total of US\$14.4 million of one-off costs in 2020, including US\$9.1 million associated with the litigation fees in respect of SC56 and the exit from the Block 05-1 PSC offshore Vietnam (see 'Other income' section for the litigation income generated), Australian rig contract deferral costs of US\$3.0 million, Australian exploration expense of US\$1.0 million and several business development projects totalling US\$1.3 million, including the acquisition of the Lemang PSC;
- Net foreign exchange loss of US\$1.0 million (2020: US\$2.6 million);
- A fair value loss on commodity swaps of US\$4.6 million (2020: US\$0.5 million) pursuant to the characterisation of the ad-hoc 2021 six-month swap programme as derivative instruments measured at fair value through the profit and loss;
- Written off of intangible exploration assets of US\$5.3 million (2020: nil) following the termination of a contract with a third-party contractor; and
- Higher provision made for slow-moving materials and spares on hand of US\$2.6 million (2020: US\$0.1 million), mainly associated with the Australian drilling components and facility spare parts.

## Other income

Other income of US\$7.7 million was generated during 2021 compared to 2020 of US\$26.4 million. The income is predominately the result of non-recurring transactions as detailed below:

- During 2021, the Group incurred US\$2.5 million of net foreign exchange gains (2020: US\$0.1million) associated with the weakening of the Australian dollar;
- Rebate income of US\$4.5 million (2020: US\$3.6 million) arising from the sublease of right-of-use assets under the Group's helicopter lease contract;
- In comparison, during 2020, the Group generated US\$11.1 million of litigation income from Total regarding the carried exploration well at SC56 for US\$11.1 million and received a settlement sum of US\$1.0 million from Inpex regarding the litigation resolution of Block 05-1 (see 'Other expenses' section for the litigation fees incurred); and
- Also, 2020 saw the reversal of provisions associated with the Dampier Spirit of US\$6.4 million and a fair value gain on derivatives of US\$3.8 million.

## Impairment

In 2020, the Group recorded an impairment of US\$50.5 million associated with the capitalised intangible exploration costs at SC56, as the costs were no longer deemed recoverable, following the decision to voluntarily relinquish the Group's interest in the block. The impairment provision was formally written off during 2021 following the finalisation of the settlement for unfulfilled minimum work commitments under the PSC for US\$1.5 million, payable to the Department of Energy in the Philippines. The penalty was offset against a prior provision of US\$1.8 million resulting in a credit to other income of US\$0.3 million.

## Taxation

The tax charge of US\$14.8 million in 2021 (2020: US\$2.9 million) is split between a current tax charge of US\$7.3 million (2020: US\$11.7 million) and a deferred tax charge of US\$7.5 million (2020: credit US\$8.7 million). The current tax charge includes US\$9.5 million (2020: nil) of PITA tax incurred by the Malaysian operations, offset by an Australian PRRT refund of US\$1.4 million (2020: US\$1.7 million paid) and corporate tax credit of US\$0.8 million (2020: US\$10.0 million expense).

## Australian PRRT

Australian petroleum resource rent tax ("PRRT") is a cash based tax charged at the rate of 40% and is deductible from income tax. The current tax credit of US\$1.4 million is associated with Stag operations, due to the utilisation of PRRT carried forward losses during the year. Montara is not anticipated to incur PRRT expense in the future, as it has unutilised PRRT carried forward credits of US\$3.4 billion (2020: US\$3.3 billion). Based on management's latest forecasts, the augmentation on historical accumulated PRRT net losses will more than offset PRRT that would otherwise arise on future PRRT taxable profits.

## Malaysian PITA

Malaysian petroleum income tax ("PITA") is charged for each year of assessment derived from petroleum operations at the rate of 38%. The current tax charge represents the tax liability generated from the date of acquisition until the year end.

## Deferred tax

The deferred tax movement during the year reflects timing differences for income tax, PITA and PRRT. The Group incurred a deferred tax charge of US\$7.5 million in 2021, which consists of US\$5.2 million for the recognition of net deferred tax liabilities on the Australian operations, US\$3.4 million of deferred PRRT expense and US\$1.1 million of deferred PITA credit. In 2020, the Group had a deferred tax credit of US\$8.7 million, which consisted of US\$4.0 million for the unwinding of deferred tax liabilities and US\$4.7 million of deferred PRRT credit. The increase in deferred tax charge in 2021, compared to 2020, is explained by:

- Additional deferred tax liabilities recognised at the Australian operations, predominately arising from the additional capital expenditure spent at Montara in 2021, which created temporary taxable timing differences arising from the difference between the accounting base and the tax base of oil and gas properties, due to the immediate deductibility of the cost associated with the H6 drilling programme. The Group further recognised deferred tax liabilities arising from the insurance claim receivable of US\$10.3 million on the well control claim for the Skua 11 well workovers. The insurance claim will be taxable in future following cash receipt;
- Deferred PRRT expense of US\$3.4 million in 2021, arising from the reduction of deferred tax assets associated with Stag PRRT, following the utilisation of unutilised PRRT losses carried forward from 2020; and
- The Group incurred US\$1.1 million of deferred PITA credit predominately arising from the recognition of deferred tax assets associated with the oil and gas properties based on the difference between the accounting depletion charge and the tax charge in 2021.

## 2021 Reconciliation of net cash

	USD'000	USD'000
Cash and cash equivalents, 31 December 2020	80,996	
Restricted cash, 31 December 2020	8,445	
<b>Total cash and cash equivalent, 31 December 2020</b>		<b>89,441</b>
Revenue	340,194	
Other operating income	6,030	
Production costs	(206,523)	
Staff costs	(24,117)	
General and administrative expenses	(18,962)	
<b>Operating cash flows before movements in working capital</b>		<b>96,622</b>
Movement in working capital		18,808
Net tax paid		(11,834)
Interest paid		(1,505)
Purchases of intangible exploration assets, oil and gas properties, and plant and equipment <sup>1</sup>		(55,920)
Net cash inflows from acquisition of PenMal Assets		9,219
Other investing activities		80
Financing activities		(27,046)
<b>Total cash and cash equivalent, 31 December 2021</b>		<b>117,865</b>

Net cash increased over the year due to the combination of higher realised prices and increased production due to the acquisition of the PenMal Assets, partially offset by the drilling of the H6 infill development well, spending on the Skua subsea workovers and non-routine repairs and maintenance.

The Group has been debt free following the final repayment of its reserves based loan in March 2021.

<sup>1</sup> Total capital expenditure was US\$56.0 million (2020: US\$24.1 million), comprising total capital expenditure paid of US\$55.9 million (2020: US\$17.9 million), plus accrued capital expenditure of US\$0.1 million (2020: US\$6.1 million).

## Non-IFRS measures

The Group uses certain performance measures that are not specifically defined under IFRS, or other generally accepted accounting principles. These non-IFRS measures comprise operating cost per barrel of oil equivalent (opex/boe), adjusted EBITDAX, outstanding debt, and net cash.

The following notes describe why the Group has selected these non-IFRS measures.

## Operating costs per barrel of oil equivalent (Opex/boe)

Opex/boe is a non-IFRS measure used to monitor the Group's operating cost efficiency, as it measures operating costs to extract hydrocarbons from the Group's producing reservoirs on a unit basis.

Opex/boe is defined as total production costs excluding oil inventories movement and underlift/overlift, write down of inventories, workovers (to facilitate better comparability period to period) and non-recurring repair and maintenance. It includes lease payments related to operational activities, net of any income earned from right-of-use assets involved in production, foreign exchange gains arising from foreign exchange forwards in respect of local currency operating expenditure, and excludes transportation costs, PenMal Asset supplementary payments, DD&A and short-term COVID-19 subsidies.

The adjusted production cost then divided by total produced barrels of oil equivalent for the prevailing period to determine the unit operating cost per barrel of oil equivalent.

USD'000 except where indicated	2021	2020
Production costs (reported)	206,523	105,338
<i>Adjustments</i>		
Lease payments related to operating activity <sup>1</sup>	10,619	17,548
Underlift, overlift and crude inventories movement <sup>2</sup>	(9,680)	2,806
Workover costs <sup>3</sup>	(67,006)	(21,686)
Impact from FX derivatives apportioned to production costs <sup>4</sup>	-	(2,649)
Other income <sup>5</sup>	(4,512)	(3,634)
Non-recurring repair and maintenance <sup>6</sup>	(6,593)	(1,619)
Australian transportation costs	(1,231)	-
PenMal Assets supplementary payments <sup>7</sup>	(8,255)	-
Australian Government JobKeeper scheme	196	600
<b>Adjusted production costs</b>	<b>120,061</b>	<b>96,704</b>
Total production, (barrels of oil equivalent)	4,578,962	4,186,478
<b>Operating costs per barrel of oil equivalent</b>	<b>26.22</b>	<b>23.10</b>

1 Lease payments related to operating activities are lease payments considered to be operating costs in nature, including leased helicopters for transporting offshore crews, and the Dampier Spirit FSO rental fees prior to its lease termination in September 2020. These lease payments are added back to reflect the true cost of production.

2 Underlift, overlift and crude inventories movement are added back to the calculation to match the full cost of production with the associated production volumes (i.e., numerator to match denominator).

3 Workover costs are excluded to enhance comparability. The frequency of workovers can vary significantly, across periods.

4 A portion of the net impact from foreign exchange hedging instruments was apportioned to production costs, based on the Group's actual local currency expenditure during the hedging period.

5 Other income represents the rental income from a helicopter rental contract (a right-of-use asset) to a third party.

6 Non-recurring repair and maintenance costs in 2021 related to the Montara Swift North SCM change out and facility integrity baseline survey. The costs in 2020 related to costs associated with Cyclone Damien.

7 The supplementary payments are required under the terms of PSCs based on Jadestone's entitlement to profit from oil and gas. The payments are made to PETRONAS.



## Adjusted EBITDAX

Adjusted EBITDAX is a non-IFRS measure which does not have a standardised meaning prescribed by IFRS. This non-IFRS measure is included because management uses the information to analyse cash generation and financial performance of the Group.

Adjusted EBITDAX is defined as profit from continuing activities before income tax, finance costs, interest income, DD&A, other financial gains, non-recurring expenses and exploration assets write-offs.

The calculation of adjusted EBITDAX is as follow:

USD'000	2021	2020
Revenue	340,194	217,938
Production cost	(206,523)	(105,338)
Staff cost	(25,068)	(21,903)
Impairment of assets	-	(50,455)
Other expenses	(26,181)	(26,918)
Other income, excluding interest income	7,602	26,119
Other financial gains	266	359
<b>Unadjusted EBITDAX</b>	<b>90,290</b>	<b>39,802</b>
<b>Non-recurring</b>		
Net loss/(gain) from oil price derivatives	4,633	(30,889)
Impairment of assets	-	50,455
Non-recurring opex <sup>1</sup>	53,096	8,270
Intangible exploration assets written off	5,260	-
Net litigation income	-	(3,005)
Rig contract deferred costs	-	3,000
Net loss/(gain) on contingent considerations	438	(359)
Gain from termination of FSO lease	-	(6,429)
Others <sup>2</sup>	4,231	1,737
	<b>67,658</b>	<b>22,780</b>
<b>Adjusted EBITDAX</b>	<b>157,948</b>	<b>62,582</b>

The Group EBITDAX reflects the strong cash operational performance of the assets with the creation of an additional US\$158.0 million generated during 2021 before investing activities and non-recurring operating costs.

- 1 Includes one-off major maintenance/well intervention activities, in particular the workover campaigns at Montara Skua 10 & 11, Swift North SCM change out and facility integrity baseline survey in 2021. The 2020 one-off major maintenance/well intervention activities were comprised of Skua 10 and H3 workover campaigns, and other non-recurring production expenditures such as the repair and maintenance costs associated with weather downtime in 2020.
- 2 Includes Maari transition team costs, Australian Government JobKeeper scheme, business development and internal reorganisation costs, as well as Montara seismic acquisition costs associated with the non-licence area and gain on contingent consideration in 2020.

## Outstanding debt

Total borrowings, as recorded in the Group's consolidated statement of financial position, represents the carrying amount of the Group's interest bearing financial indebtedness, measured at amortised cost pursuant to IFRS 9 *Financial Instruments*.

Outstanding debt is a non-IFRS measure which does not have a standardised meaning prescribed by IFRS. Management uses this measure to manage the capital structure, and make adjustments to it, based on the funds available to the Group. Outstanding debt is defined as long and short-term interest bearing debt, with effective interest method financing costs added back (i.e., excluded), and excluding derivatives.

As at 31 December 2021, the Group has no outstanding interest bearing financial indebtedness of any kind, following the final scheduled repayment of the RBL at the end of Q1 2021.

USD'000	2021	2020
Long-term borrowing	-	-
Short-term borrowing	-	7,296
Add back: effective interest method financing costs	-	1,021
<b>Outstanding debt</b>	<b>-</b>	<b>7,386</b>

## Net cash

Net cash is a non-IFRS measure which does not have a standardised meaning prescribed by IFRS. Management uses this measure to analyse the financial strength of the Group. This measure is used to ensure capital is managed effectively in order to support ongoing operations, and to raise additional funds, if required.

USD'000	2021	2020
Outstanding debt	-	(7,386)
Cash and cash equivalents	117,865	81,996
Restricted cash	-	7,445
<b>Net cash</b>	<b>117,865</b>	<b>82,055</b>

Net cash is defined as the sum of cash and cash equivalents and restricted cash, less outstanding debt. Cash and cash equivalents in 2021 contain a restricted cash balance of US\$0.4 million and US\$0.5 million in relation to a deposit placed for bank guarantee with respect to the PenMal Assets and an Australian office building, respectively. In 2020, restricted cash included the RBL debt service reserve account balance of US\$7.4 million but excluded US\$1.0 million in respect of a cash collateralised bank guarantee with the Indonesian regulator with respect to a joint study agreement as the guarantee was removable and can then be used to fund the business. The Indonesian bank guarantee was released in Q3 2021 upon completion of the study.

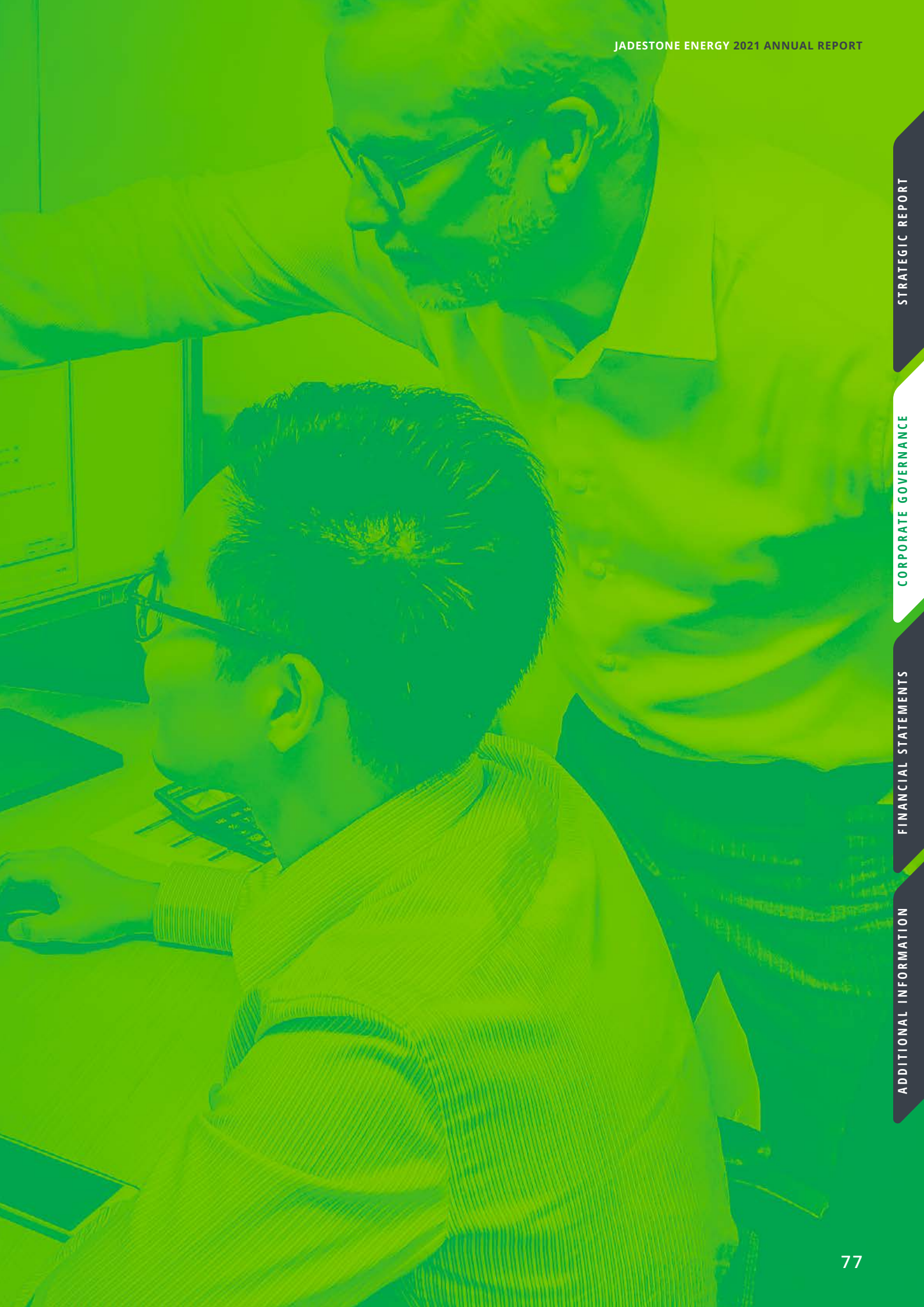


# Corporate governance report



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# Chair's corporate governance statement



A key component of my role is to oversee the development of the Group's corporate governance model and ensure there is a clear focus on this important area of our business. It is my responsibility to work with my fellow Directors to ensure that the Group embraces good corporate governance and delivers the highest standards.

Jadestone is committed to upholding high standards of governance and responsible, social and ethical behaviour.

Jadestone has implemented a Code of Conduct Policy that applies to all employees and contractors and which provides a framework of principles for conducting business, dealing with other employees, clients and suppliers, and reflects the Group's commitment to a culture of honesty, integrity and accountability. Jadestone has a set of core values: Respect, Integrity, Safety, Results-Orientated, Sustainability and Passion. Each employee is expected to make a commitment to these values, and to contribute to protecting and enhancing the Group's reputation. Jadestone's core values underpin the work the business does, and they form the foundation of its Code of Conduct.

A copy of the Group's key governance documents, including the Articles of Association, the Code of Conduct and related policies, are available on Jadestone's website at [www.jadestone-energy.com/sustainability-2020/key-policies/](http://www.jadestone-energy.com/sustainability-2020/key-policies/).

As part of its staged transition from North American to UK norms, policies and procedures, and in line with the AIM Rules, Jadestone adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") in 2020. Following the completion of the Group's internal reorganisation in April 2021, Jadestone Energy plc became the new ultimate holding company of the Group and as a UK company is fully in compliance with the QCA Code. The Board recognises the value and importance of high standards of corporate governance, and believes that the QCA Code provides an appropriate framework for a company of Jadestone's size and stage of development.





The Group constantly seeks to improve its corporate governance practices to reflect the QCA Code, as illustrated in the Board's continued focus during 2021 on a range of ESG issues. The Board of Directors Charter (the "Board Charter") was updated to specifically recognise the Board's responsibility over ESG related matters. The Board reorganised its committees, in order to ensure appropriate oversight of its ESG responsibilities. Effective 15 December 2021, the mandate of the Health, Safety and Environment ("HSE") Committee was expanded to include climate-related and social responsibilities, the terms of reference amended and the committee's name changed to the Health, Safety, Environment and Climate ("HSEC") Committee. In addition, the Nomination Committee's mandate was expanded to include governance responsibilities, with the terms of reference being amended accordingly and the committee's name changed to the Governance and Nomination Committee.

The Board is responsible to Jadestone's shareholders for the leadership, control and management of the Group. The Board is responsible for the long-term success of the Group and for ensuring its appropriate management and operation in pursuit of its objectives. The Board is in constant communication and meets regularly. The Directors are all identified on pages 91 to 93, together with a summary of their current and past experience and skills. Whilst there is a formal schedule of matters specifically reserved for consideration by the Board, as identified on page 85, the Executive Directors have the responsibility for specific functional aspects of the Group's affairs. The Board currently comprises eight Directors, of whom one is an executive and seven are non-executive. Daniel Young stepped down as a Director and CFO effective 29 April 2022 and the Group expects to announce a new CFO in the near-term. The Board has established an Audit Committee, a HSEC Committee, a Governance and Nominations Committee, a Remuneration Committee and a Disclosure Committee as further described on page 85. Each committee's terms of reference can be found on Jadestone's website.

In addition, Jadestone publishes on its website a Modern Slavery Statement pursuant to Section 54 of the UK Modern Slavery Act 2015, which sets out the steps that Jadestone has taken, and continues to take, to ensure no modern slavery or human trafficking occurs within its supply chains or business. The report below provides a high-level overview of how the Group has applied the principles of the QCA Code throughout 2021. I am pleased to report that the Board considers that the Group complies with the requirements of the QCA Code.

Jadestone's corporate governance culture will continue to be regularly benchmarked against the QCA Code, with any developments and changes communicated to shareholders. As the Chair, I will work with the Directors to build upon the existing values in place and ensure that good corporate governance is applied throughout Jadestone's business. As a result, Jadestone's future growth will be built on strong foundations of respect and integrity, to the benefit of all our stakeholders.

**Dennis McShane**  
Chair

# Principles of corporate governance

The Board fully endorses the importance of good corporate governance and applies the corporate governance code in the form issued by the QCA in April 2018. The Board views the QCA Code as an appropriate, recognised governance code for a company of Jadestone's size, structure and AIM listing.

The Board believes that the QCA Code provides the Group with the framework to add value to its business, enhances stakeholder confidence in Jadestone and sustains a strong level of governance. There are also instances where Jadestone's governance structures exceed levels set out in the QCA Code.

The QCA Code identifies ten principles of corporate governance for companies to apply and against which companies must publish certain specified disclosures. The Group has committed to apply these ten principles within its business. These principles are:

1. Establish a strategy and business model which promote long-term value for shareholders.
2. Seek to understand and meet shareholder needs and expectations.
3. Take into account wider stakeholder and social responsibilities and their implications for long term success.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.
5. Maintain the Board as a well-functioning, balanced team led by the Chair.
6. Ensure that between them the Directors have the necessary up to date experience, skills and capabilities.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
8. Promote a corporate culture that is based on ethical values and behaviours.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.





# Compliance statement to QCA Code principles

## PRINCIPLE ONE

### Establish a strategy and business model which promote long-term value for shareholders

Jadestone is a leading independent upstream oil and gas production and development company in the Asia-Pacific region. The Group aims to grow primarily through acquisitions and is focused on creating value through identifying, acquiring, developing and operating assets within select parts of the Asia-Pacific region. The Group aims to leverage the significant experience and track-record of its management team to maximise value from Jadestone's existing asset base through production and cost optimisation, and on identifying acquisitions that offer significant value both at the time of purchase and through potential organic development and reinvestment. The Board's objective is to create and maintain a leading independent Asia-Pacific focused upstream oil and gas company that generates significant shareholder returns primarily through capital growth. The Group's strategy and business model are further detailed in the Strategic Report on pages 22 to 23.

## PRINCIPLE TWO

### Seek to understand and meet shareholder needs and expectations

Jadestone is committed to effective communication and constructive dialogue with its shareholders and the investment community at large. Jadestone actively strives to understand and meet shareholder needs and expectations. Jadestone works hard to ensure members of the Board and the executive team are highly accessible to shareholders. Jadestone offers direct lines of access to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as applicable, and members of the Board.

Further, Jadestone has dedicated spokespersons for investors, including an Investor Relations Manager and has two retained corporate brokers, with mandates that include coordinating corporate access for shareholders, and eliciting feedback from the investment community on corporate developments and news flow.

In 2021, Jadestone webcast presentations to accompany financial results disclosures and the announcement of major acquisitions. As part of the webcast presentations, live question and answer sessions allowed participants to engage directly with the CEO and CFO. Furthermore, in late 2021, Jadestone's Board engaged directly with several of the Company's shareholders to understand how institutional investors were integrating ESG and sustainability factors into their investment decisions.

The contact details of Jadestone's Investor Relations Manager and public relations adviser can be found on the Group's website at the following link:

<https://www.jadestone-energy.com/contact/>.

### Shareholder feedback

Jadestone regularly meets with shareholders and prospective investors through investor conferences and roadshows, as well as ad hoc individual meetings. Through these interactions, which take the form of both one-on-one and group meetings, the Board and executive team form and maintain relationships with investors and obtain feedback from shareholders on the Group's strategy, execution and performance. During 2021, these interactions were primarily conducted via video conferencing due to pandemic-related travel restrictions.

### Information

Jadestone provides regular updates to shareholders in the form of guidance announcements, operations updates, and the release of half-yearly and annual financial and operating results. These disclosures are designed to set expectations and to provide reviews of performance against those expectations. In accordance with its continuous disclosure obligations, Jadestone will provide updates when internal forecasts differ materially from publicly disclosed expectations, and announce price-sensitive business developments without delay.

### Shareholder advisory bodies

Jadestone maintains ongoing relationships with multiple shareholder advisory bodies, including during the off-season cycle in the second half of each calendar year, to enable feedback regarding proposals either put to, or to be put to, shareholders for voting at annual meetings.

### Annual general meeting

The annual general meeting ("AGM") is the main forum for dialogue between the Board and the Company's shareholders, and all shareholders are encouraged to attend and participate.

**PRINCIPLE THREE****Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board recognises that the long-term success of the Group is reliant upon the efforts of its employees, its shareholders, contractors, suppliers, regulators and other stakeholders. With an expanding operating footprint in the Asia-Pacific region, Jadestone recognises the importance of a comprehensive stakeholder management strategy to successfully and considerately operate in this diverse range of countries.

In addition, the Group engages with its key stakeholders through various channels, dependent on the nature of the relationship, and values the feedback it receives from those stakeholders. The Group takes every opportunity to ensure that, where possible, the views of its stakeholders are considered and acted upon when these are believed likely to bring material benefit to the success and integrity of the Group's business activities. Jadestone has published on its website a Modern Slavery Statement pursuant to Section 54 of the UK Modern Slavery Act 2015. This statement sets out the steps that Jadestone has taken, and is continuing to take, to ensure no modern slavery or human trafficking occurs within its supply chains or business.

For the latest update on Jadestone's key stakeholder consultation and engagement activities in 2021, please refer to the Stakeholder Management section in the 2021 Sustainability Report. The Section 172 statement contained within the Strategic Report sets out how Jadestone's Directors have taken into account the interests of stakeholders when performing their statutory duty to promote the success of the Group during 2021, while the Sustainability Review within the Strategic Report sets out the Group's governance approach to climate risks and opportunities.

**PRINCIPLE FOUR****Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board is ultimately responsible for managing Jadestone's risk appetite and exposure, and delegates to management the task of identifying, managing and monitoring the risks faced by the business. Jadestone has in place a risk management framework which assists the Board in identifying, assessing, and mitigating the risks faced by the Group to an acceptable level. This is reviewed on an ongoing basis and actions are taken as needed to reduce the risks to an acceptable level, as required. The Board undertakes a bi-annual assessment of the risks and their potential impact on the current business plan and longer-term operational strategy.

Jadestone's risk management process is aligned with the requirements of ISO 31000 and addresses risk management at three levels: business, facility and task. The Group's risk management framework is also discussed in the Audit Committee report and the Principal Risks and Uncertainties section of the Strategic Report on pages 57 to 63.

The Board holds at least one formal strategy review annually. In addition, the Board regularly identifies opportunities for growth, both organic and inorganic, in the form of possible acquisitions.

**PRINCIPLE FIVE****Maintain the Board as a well-functioning, balanced team led by the Chair****Board composition and independence**

During calendar year 2021, the Board was comprised of eight Directors. These included the Non-Executive Chair, the Group's President and CEO, the Group's CFO and five Non-Executive Directors. More than half of the Board is independent when accounting for the independent Non-Executive Chair and four independent Non-Executive Directors. During 2021, both A. Paul Blakeley and Daniel Young were Executive Directors and considered to be full time employees. A. Paul Blakeley was not considered to be independent due to his role as President and CEO, and Daniel Young was not considered to be independent due to his role as CFO.

On 7 April 2022, Jenifer Thien was appointed as an independent Non-Executive Director of the Company. A summary of Jenifer Thien's experience and skills can be found on page 93. On 29 April 2022, Daniel Young stepped down from the Board as a result of his resignation as CFO, as originally announced on 23 December 2021.

In the Board's judgement, six of the seven Non-Executive Directors, namely Dennis McShane (Chair), Robert Lambert, Jenifer Thien, Iain McLaren, Cedric Fontenit and Lisa Stewart are considered independent. David Neuhauser, a Non-Executive Director, is not considered to be independent as a result of his managerial responsibilities with a material shareholder of the Company, Livermore Partners LLC.

The skills and experience of the Non-Executive Directors vary across disciplines, each enhancing the Board's independent oversight of the Group's business. The Directors biographies on pages 91 to 93 speak to their relevant skills and experience.

The Group has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the external commitments and interests of its Directors, and changes to those commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. All the Directors have access to independent legal advice in addition to the Company's secretary ("Company Secretary"). Any Director may take independent professional advice at the Group's expense in the furtherance of their duties.

The Board is supported by its committees being the Audit, the Governance and Nomination, the Remuneration, the HSEC and the Disclosure Committees. The composition of each of the Audit Committee and the Remuneration Committee is fully independent. Directors are all individuals of high calibre and most have many years' experiences in the oil and gas industry. The details of Board and committee meetings during 2021, as well as director attendance, is disclosed in the Directors' Report and the committee reports later in this section.

The Group, when considering the recruitment of a new CFO and Executive Director, is of the view that the current Board is appropriately resourced to meet its statutory duties and comply with the QCA Code. The composition of the Board is reviewed regularly to ensure it has the appropriate level of skills and experience as the Group continues to grow.

**PRINCIPLE SIX****Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

Non-Executive Directors are advised on appointment that they are expected to devote such time, individual circumstances permitting, as is necessary for the proper performance of their duties, which is expected to be not less than three days per month, based on preparation for and attendance at:

- Scheduled Board meetings;
- The Annual General Meeting;
- Site visits;
- Meetings of Non-Executive Directors;
- Meetings with shareholders;
- Director education/training; and
- Meetings as part of the Board evaluation process.

Non-Executive Directors are also advised that this time commitment may increase if they become a committee member or chair, or if they are given additional responsibilities.

The Board covers a wide range of experience and skills. To meet the requirements of an independent upstream oil and gas production and development company, these experiences and skills must cover knowledge of financial, legal, operational, technical and sustainability matters, plus experience of risk management and growth in both the independent E&P sector and public capital markets. In particular, in April 2022, the Board strengthened its skills, capability and knowledge in the area of ESG and sustainability through the appointment of Jenifer Thien as Non-Executive Director.

The Board believes that the current balance of skills across the Board reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets. Details of the Directors' experience and areas of expertise are outlined on pages 91 to 93.

The Board considers and reviews the requirement for continued professional development. The Board undertakes to ensure that their awareness of developments in corporate governance and the regulatory framework is current, as well as remaining knowledgeable of any industry-specific updates. The Company's Nominated Adviser and other external advisers, including legal advisers, also support this development by providing guidance and updates as required.

Each of the Directors, both executive and non-executive, has considerable experience and all have demonstrated skills which are complementary, independent and sufficient to cover all of the requirements of the Board. As the Group continues to grow its asset base, the Governance and Nomination Committee will continue to monitor Board composition to ensure that it has the appropriate mix of experience, skills, personal qualities and capabilities. This includes a commitment to diversity where possible. With Lisa Stewart's appointment as a Director at the end of 2019, female representation on the Board improved from 0 to 13%, with this ratio increasing further to 22% following the appointment of Jenifer Thien in April 2022. The Governance and Nomination Committee is charged with increasing diversity at the Board level and within senior management.

The Company Secretary is responsible for ensuring that Board procedures are complied with and that governance matters are addressed by the Group. All Directors have direct access to the Company Secretary and are able to take independent legal advice. The Board has considered the guidelines under the QCA Code with regard to the key responsibilities of a Senior Independent Director ("SID"), taking into account additional facts, including the role of the Board Chair, the size of the Board, the existence of a Deputy Chair of the Board, the number of independent Non-Executive Directors, and the channels of communication amongst the Company's Executive, Non-Executive Directors and shareholders. In light of the foregoing, the Board has determined that the appointment of a SID is not required, though the matter will be considered at regularly and as circumstances change.





**PRINCIPLE SEVEN****Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

A Board matrix helps guide the assessment of the skills and diversity of the Directors and highlights any potential skill gaps to address. The Board considers that its effectiveness and the individual performance of Directors is vital to the success of the Company. The Company currently conducts an internal process which involves each Board member completing a self-assessment and delivering it to the Chair who is also the Chair of the Governance and Nomination Committee. However, in parallel with the expansion of the Company's activities, and the need to meet the requirements of the QCA Code, a formal evaluation process was adopted during the course of 2021. Further details on the Board and Committee performance evaluation are outlined in the Governance and Nomination Committee Report on pages 106 to 108.

Directors are re-appointed by shareholders pursuant to Jadestone's Articles of Association, while taking into consideration the provisions of the QCA Code, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to Directors serving for a term beyond nine years).

**PRINCIPLE EIGHT****Promote a corporate culture that is based on ethical values and behaviours**

The Board is responsible for the management, or for supervising the management, of the Group's business and affairs. In supervising the conduct of the business, the Board through the CEO sets the standards of conduct for the Group. The application of details of the Group's corporate governance, including business ethics and integrity, are set out on pages 48 to 49.

The Group's values of Respect, Integrity, Safety, Results-oriented, Sustainability and Passion foster a culture of accountability, efficiency and innovation which support the Group's mission and promote a corporate culture based on ethical behaviours and conduct. These values are enshrined in written policies and working practices, including the Code of Conduct, adopted by all Group employees. An open culture is encouraged across the Group, with regular communications to staff regarding progress. The senior management team regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.





**PRINCIPLE NINE****Maintain governance structures and processes that are fit for purpose and support good decision making by the Board**

The Board has a primary responsibility to foster the short and long-term success of the Group and is accountable to the shareholders.

**Reserved matters for the Board**

The Board is responsible for the direction and overall performance of the Group with an emphasis on strategy, policy, financial results, compliance matters and good governance. The matters reserved for the Board include, amongst others:

- setting the Group's purpose, values and standards;
- reviewing and approving the Group's strategy and annual plans for achievement;
- monitoring corporate governance compliance with significant policies and procedures, including health and safety;
- oversight of communications and timely disclosure;
- ensuring the integrity of internal controls and management of risks, including regular risk reviews;
- approving the Group's annual and interim reports and accounts; and
- overseeing control and accountability systems designed to ensure appropriate standards are met in relation to health, safety, environmental (including climate), social responsibility and governance of the Group.

In addition to the above, the Board has approved a set of financial delegations of authority to ensure clarity throughout the business concerning the distinction between financial matters which require Board approval and those that can be delegated to senior management.

**Board committees**

The Board delegates specific responsibilities to the Board committees. Each committee has Board approved terms of reference which describe the committee's responsibilities and the framework by which those responsibilities are fulfilled. The terms of reference for each committee were last reviewed and updated in 2021 to align with the QCA Code. During the calendar year 2021, the Board operated five committees: an Audit Committee, a Nomination Committee, a Remuneration Committee, an HSE Committee and a Disclosure Committee. A summary of the roles, responsibilities, composition and 2021 activities of each of these committees can be found at pages 94 to 113.

Effective 15 December 2021, the HSE Committee's mandate was expanded to include climate-related and social responsibilities, and therefore the terms of reference were amended and the committee's name changed to the HSEC Committee. Also, the mandate of the Nomination Committee was expanded to include the responsibilities related to governance, the terms of reference were amended accordingly and the committee's name changed to the Governance and Nomination Committee.

**PRINCIPLE TEN****Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board is committed to ensuring that it communicates with shareholders and other stakeholders in a transparent and timely manner, and believes that by doing so it demonstrates the importance it places upon the views of all stakeholders. The Company's methods for maintaining a dialogue with shareholders and other relevant stakeholders is set out in Principles Two and Three above. The Group's financial and operational performance, in addition to reports from each of the Board committees, is summarised in this Annual Report.

Shareholders are encouraged to attend the AGM and to ask questions. Outcomes of votes cast by shareholders will be disclosed in a clear, transparent and timely manner. Shareholders vote to fix the number of directors and elect the directors to hold office until the next AGM or until their successors are elected or appointed. In addition, shareholders vote to appoint the Company's auditor, and to authorise the Board to determine the auditor's remuneration. The Company receives reports from shareholder advisory bodies, reviews their findings and meets with them to discuss shareholder matters. The Board takes the view that, if there is a resolution passed at a general meeting of shareholders with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

In addition, the Company has set out its Section 172 disclosures in the Strategic Report on pages 53 to 55. The Section 172 statement describes how the directors have considered the interests and likely consequences of any decisions on the Group's employees, suppliers, customers, community and the environment, in accordance with the Directors' statutory duties.

# Directors' report

The Directors present their Annual Report on the affairs of the Group and the audited Group and consolidated financial statements of Jadestone Energy plc for the year ended 31 December 2021.

## Internal reorganisation

During calendar year 2021, Jadestone Energy Inc. ("JEI") was the parent company of the Group for the period from 1 January to 23 April. In March 2021, the Group commenced an internal corporate reorganisation by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) (the "Reorganisation"). Under the Reorganisation, Jadestone Energy plc, a newly incorporated UK public limited company, became the ultimate parent company of the Group, including all subsidiaries. The Reorganisation did not result in a change in control in the ultimate holding company of the Group, or in a change of ultimate shareholding in any of the assets of the Group, or in a change in the management of any of the Group's assets. Following completion of the Reorganisation on 23 April 2021, JEI's shares were delisted from trading on AIM. On 26 April 2021, the shares of Jadestone Energy plc were admitted to trading on AIM.

The Directors of JEI as at 26 April 2021 were appointed as Directors of Jadestone Energy plc effective from admission to AIM. This Annual Report, including the Financial Statements, are prepared and presented with Jadestone Energy plc as the parent company of the Group from 26 April 2021. For example, reference to the Board means (i) the Board of JEI up to 26 April 2021, and (ii) the Board of Jadestone Energy plc on and from 26 April 2021.

## Incorporation and listing

Jadestone Energy plc was incorporated on 22 January 2021 under the Companies Act 2006, with its head office located in Singapore. As part of the Reorganisation, the Company's shares were admitted to trading on AIM on 26 April 2021.

## Adoption of QCA code

JEI adopted the QCA Code effective 31 December 2020. At the time of the Reorganisation, Jadestone Energy plc adopted and currently applies corporate governance practices to reflect the QCA Code and which are similar to the practices adopted by the Group. There are also instances where the Group's governance structures exceed the levels set out in the QCA Code. The Group will prepare a corporate governance statement at least annually to explain the way in which it has applied the QCA Code and to identify any areas in which the Group's governance structures and practices differ from the expectations set by the QCA Code.

## BCSC order

Over the last several years, the Company had experienced a significant shift away from Canada in both the composition of its share register and the trading volume of its shares. Approximately 97% of the Company's shares were held by non-Canadian residents as at 31 December 2019, while more than 98% of all Jadestone shares that traded in 2019, were traded on AIM. Effective at the close of business on 24 March 2020, the Company's shares were delisted from the TSX Venture Exchange. The Company's shares continued to trade on AIM.

Following the TSX Venture Exchange de-listing, in June 2020 the Company's principal regulator in Canada, the British Columbia Securities Commission ("BCSC") issued an order (the "Order"), granting the Company relief from certain Canadian disclosure requirements, generally consistent with the relief granted to a designated foreign issuer ("DFI"), as defined in National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers.

While the Company remained as a British Columbia incorporated company, and it continued as a reporting issuer in the Provinces of British Columbia and Alberta, following issuance of the Order, the Company provided disclosure in Canada generally consistent with the disclosures required of a DFI. In the Company's case, satisfaction of its disclosure obligations under the AIM Rules and applicable UK legislation, resulted in satisfaction of the requirements under the Order.

In March 2022, the Company applied to the BCSC, as its principal regulator in Canada, to cease to be a reporting issuer in British Columbia and Alberta, the Company's two Canadian reporting jurisdictions. The BCSC, by way of an Order, granted the relief which was then disclosed by the Company on 6 April 2022. As a result, the Company is no longer classified as a designated foreign issuer under Canadian securities regulations and is no longer required to file financial statements and other continuous disclosure documents with the Canadian securities regulatory authorities. The application was justified by the very low and decreasing level of Canadian based shareholding in the Company (estimated at 0.09% at the time of the application), and is expected to result in efficiency improvements and cost reductions.

Jadestone will continue to comply with all UK regulatory and disclosure requirements.

## Principal activities

Jadestone is an independent oil and gas production and development company focused on the Asia-Pacific region. The Group has an acquisitive strategy and is focused on growth and creating value through identifying, acquiring, developing and operating assets throughout the Asia-Pacific region.

Jadestone currently has a portfolio of oil and gas production, development and exploration assets in Australia, Malaysia, Indonesia and Vietnam and has signed a sales and purchase agreement to acquire assets in New Zealand. The Group is focused on creating value through leveraging the significant experience and track-record of its management team to maximise value from Jadestone's existing asset base through production and cost optimisation, and on identifying acquisitions that offer significant value both at the time of purchase and through potential organic development and/or reinvestment. The Directors' objective is to create a leading independent Asia-Pacific-focused upstream oil and gas company that generates significant value through share price appreciation and returns to shareholders.

## Business review and future developments

A review of the business and the future developments of the Group is included in the Strategic Report (including the Chief Executive Officer's Statement, Business Model and Strategy, Financial Review and Operational Review) and Chair's Statement (all of which, together with the Corporate Governance Statement, are incorporated by reference into this Directors' Report).

The Directors continue to review and evaluate strategic acquisition opportunities recommended by senior management, which align with the strategy and requirements of the Group.

## Streamlined Energy and Carbon Reporting

Legislation introduced in 2018 requires UK companies to report on GHG emissions and energy use from 2019 onwards (Streamlined Energy and Carbon Reporting, or "SECR").

As Jadestone is listed on the AIM, the Group is only required to disclose its GHG emissions and energy use within the UK and its offshore areas. The Group has no operations within the UK or its offshore areas, and has only one employee located within the UK, hence its emissions and energy footprint within the country are immaterial.

However, given the strategic importance of the Group's GHG emissions and energy use to its stakeholders, Jadestone has elected to report in line with the SECR requirements for main market UK listed companies, which covers, inter alia, annual global GHG emissions and underlying global energy use. These SECR disclosures for 2021 have been included within the Sustainability Review of the Strategic Report, which provides greater detail and context around the Group's GHG emissions in 2021.

## Dividend

The Board's primary method of providing direct returns to shareholders is by way of a dividend, on a biannual basis. The Board intends to maintain and grow the dividend over time, in line with underlying cash flow generation.

In light of the Group's strong financial position at the mid-point of 2021, the Company paid out an interim dividend on 1 October 2021 of US\$2.75 million (0.59 US cents/share), an increase of 10% over the Group's maiden interim dividend of October 2020.

As a result of a further strengthening of the Group's cash position over the second half of 2021, resulting in a record high net cash position at the end of the year, the Board intends to recommend a final 2021 dividend of US\$6.25 million, or 1.34 US cents per share, representing a 25% increase over the second 2020 dividend.

The dividend policy reflects the Group's current and expected future cash flow generation potential. The Board may further revise the Group's dividend policy from time to time in line with the actual results and financial position of the Group. The Board has considered, and will continue to consider, share buybacks and tender offers as a way of enhancing shareholder returns.

## Share capital

Details of shares issued by the Company during the period are set out in note 30 to the Consolidated Financial Statements.

## Financial instruments

The Group's financial risk management objectives and policies are discussed in note 41 to the Consolidated Financial Statements.

## 2021 Board and committee attendance

The table below shows a summary of Directors' attendance at Board and committee meetings for the period from 1 January 2021 to 31 December 2021.

Board of Directors				
Audit Committee	Remuneration Committee	Governance and Nomination Committee	Health, Safety, Environment and Climate ("HSEC") Committee	Disclosure Committee
CHAIR <b>Iain McLaren</b>	CHAIR <b>Cedric Fontenit</b>	CHAIR <b>Dennis McShane</b>	CHAIR <b>Robert Lambert</b>	CHAIR <b>Dan Young</b>
MEMBERS <b>Robert Lambert</b> <b>Lisa Stewart</b>	MEMBERS <b>Dennis McShane</b> <b>Iain McLaren</b>	MEMBERS <b>Cedric Fontenit</b> <b>Iain McLaren</b> <b>A. Paul Blakeley</b>	MEMBERS <b>A. Paul Blakeley</b> <b>Lisa Stewart</b>	MEMBERS <b>A. Paul Blakeley</b> <b>Neil Prendergast</b>
3 MEETINGS IN 2021	2 MEETINGS IN 2021	2 MEETINGS IN 2021	3 MEETINGS IN 2021	1 MEETINGS IN 2021

Name and positions held in the Company	Board	Audit Committee	Governance & Nomination Committee	Remuneration Committee	HSEC Committee	Disclosure Committee
<b>A. Paul Blakeley</b> Director, President and CEO	5 of 5	N/A	2 of 2	N/A	3 of 3	1 of 1
<b>Daniel Young</b> Director and CFO	5 of 5	N/A	N/A	N/A	N/A	1 of 1
<b>Dennis McShane</b> Director and Chair	5 of 5	N/A	2 of 2	2 of 2	N/A	N/A
<b>Robert Lambert</b> Director and Deputy Chair	5 of 5	3 of 3	N/A	N/A	3 of 3	N/A
<b>Iain McLaren</b> Director	5 of 5	3 of 3	2 of 2	2 of 2	N/A	N/A
<b>David Neuhauser</b> Director	5 of 5	N/A	N/A	N/A	N/A	N/A
<b>Cedric Fontenit</b> Director	5 of 5	N/A	2 of 2	2 of 2	N/A	N/A
<b>Lisa A. Stewart</b> Director	5 of 5	3 of 3	N/A	N/A	3 of 3	N/A



## Directors and their interests

The Directors, who served throughout the year and up to the date of this report, except as noted, were as follows:

- **Dennis McShane** (Independent Non-Executive Chair)
- **A. Paul Blakeley** (Executive Director, President and CEO)
- **Daniel Young** (Executive Director and CFO)<sup>1</sup>
- **Robert Lambert** (Independent Non-Executive Deputy Chair)
- **Cedric Fontenit** (Independent Non-Executive Director)
- **Iain McLaren** (Independent Non-Executive Director)
- **David Neuhauser** (Non-Executive Director)
- **Lisa A. Stewart** (Independent Non-Executive Director)
- **Jenifer Thien** (Independent Non-Executive Director)<sup>2</sup>

<sup>1</sup> Stepped down as CFO and Executive Director on 29 April 2022.

<sup>2</sup> Appointed 7 April 2022.

The Directors who held office at the end of the financial year had the following interests in the ordinary shares of the Company:

Director	Interest as at 1 January 2021	Interest as at 31 December 2021
<b>A. Paul Blakeley</b>	2,732,798	4,232,798
<b>Daniel Young</b>	217,919	1,179,579
<b>Dennis McShane</b>	453,651	453,651
<b>Robert Lambert</b>	553,919	153,919
<b>Iain McLaren</b>	163,778	166,208
<b>David Neuhauser</b>	32,319,167 <sup>1</sup>	32,319,167 <sup>1</sup>
<b>Cedric Fontenit</b>	200,000 <sup>2</sup>	200,000 <sup>2</sup>
<b>Lisa A. Stewart</b>	Nil	Nil

<sup>1</sup> Mr. Neuhauser does not own any ordinary shares of the Company directly but, as managing director of Livermore Partners LLC, exercises control or direction over the ordinary shares beneficially owned by Livermore Partners LLC.

<sup>2</sup> Mr. Fontenit owns 200,000 ordinary shares of the Company directly. He also holds indirect beneficial interest in the Company through 443,556 units of a fund managed by Tyrus Capital S.A.M. (the "Fund") holding an interest in the ordinary shares of the Company. However, Mr. Fontenit does not exercise control or direction over the Fund's holding in the Company.

No rights to subscribe for shares in or debentures of Group companies were granted to any of the Non-Executive Directors or their immediate families, or exercised by them, during the financial year.

On 17 December 2021, Daniel Young, Executive Director, exercised options over a total of 1,700,000 shares. The option exercise was net settled, resulting in the issue of 961,660 ordinary shares.

Details of share awards that have been granted to the Executive Directors in calendar year 2021 under the Company's Stock Option Plan in addition to details of awards to Executive Directors in calendar year 2021 under the Performance Share Plan and the Restricted Share Plan are included in the Remuneration Committee report on pages 100 to 105. During calendar year 2021, no Non-Executive Directors received any awards under the Company's long-term incentive plans.

## Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity is currently in force. The Group also purchased and maintained throughout the financial period directors' and officers' liability insurance in respect of itself and its Directors.

## Political donations

The Group did not make any political donations nor incur any political expenditures to candidates or political campaigns during the period.

## Conflicts of interest

There are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties, nor any arrangements or understandings with any of the shareholders of the Company, customers, suppliers or others pursuant to which any Director was selected to be a Director. The Company tests regularly to ensure awareness of any future potential conflicts of interest and related party transactions. Directors are required to declare any additional or changed interests as they arise. In the event a conflict should arise, the pertinent Director does not take part in decision making related to the conflict. In December 2021, Daniel Young recused himself when the Board considered and decided on the stock option net settlement agreement related to Daniel Young's options. In March 2022, A. Paul Blakeley recused himself when the Board approved the LTIP grants of which he was a recipient.

## Related party transactions

There were no related party transactions to which the Company was a party during the period, save as disclosed in note 46 of the Consolidated Financial Statements.

## Substantial shareholders

The following table sets out, to the best of the Company's knowledge, its significant shareholders as at 30 April 2022.

Shareholder	Number of ordinary shares as at 30 April 2022	% Interest as at 30 April 2022
Tyrus Capital	118,205,247	25.39
Baillie Gifford	39,195,875	8.42
Livermore Partners	32,319,167	6.94
Odey Asset Management	31,237,627	6.71
Fidelity	25,645,912	5.51
Polar Capital	22,440,273	4.82
Premier Miton Investors	18,702,808	4.02
Invesco	15,854,697	3.41
Blackrock	14,192,500	3.05

## Share dealing code

The Company adopted a code for share dealings (the "Dealing Code") appropriate for an AIM company, in compliance with Rule 21 of the AIM Rules and with the Market Abuse Regulation. The Dealing Code applies to the Directors, members of the senior management team and other relevant employees of the Group.

## Corporate governance policies

The Board reviewed and reaffirmed several key governance policies in 2021, including the Code of Conduct, the Anti-Bribery and Anti-Corruption Policy, the Whistleblower Policy, the Diversity Policy, the Environmental, Social and Governance Policy and the Risk Management Policy. The Group's key governance policies are available on the Group's website. The Board, assisted by senior management, reviews and refines Group policies on a regular schedule.

## Risk management

Risk management is integral to all of the Group's activities. Each member of senior management is responsible for continuously monitoring and managing risk within the relevant business areas. Every material decision is preceded by an evaluation of applicable business risks. Reports on the Group's risk exposure and reviews of its risk management are regularly undertaken and presented to the Board. The Directors conduct a review of the Group's risk register bi-annually. Additional details regarding the Group's risk management can be found on pages 57 to 63.

## Annual general meeting

The Company's AGM will be held in London, England on 30 June 2022. Full details of the proposals to be addressed at the AGM are set out in a separate Notice of the AGM. Shareholders are invited to complete the proxy form received either by post or vote electronically in accordance with the notes contained within the Notice of the AGM. The Notice of the AGM and the Proxy Form are available on the Group's website at <https://www.jadestone-energy.com/aim/notices/>.

## Registrar

Jadestone Energy plc's share registrar in respect of its ordinary shares traded on AIM is Computershare Investor Services plc. Contact details can be found on the Group's website.

## Independent auditor

Having reviewed the independence and effectiveness of the auditor, the Audit Committee has recommended to the Board that Deloitte Ireland LLP ("Deloitte") be appointed. Deloitte has expressed its willingness to be appointed as auditor. A resolution to appoint Deloitte, as auditor of Jadestone Energy plc, will be put to the shareholders at the AGM.

## Additional disclosures

Supporting information that is relevant to the Directors' Report, which is incorporated by reference into this Directors' Report, can be found throughout this Annual Report. For considerations of post balance sheet events, please refer to note 45 in the Consolidated Financial Statements within this Annual Report.

## Going concern

The Consolidated Financial Statements have been prepared under the going concern assumption, which presumes the Group and the Company will be able to meet their obligations as they fall due for the foreseeable future.

## Director confirmations

Each of the Directors, whose name and functions are listed in the Directors' Report, confirms that, to the best of their knowledge:

- The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with the requirements of the Companies Act 2006; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.

## Corporate governance statement

The Group currently complies with the QCA Code and a more detailed compliance statement is provided at pages 81 to 85.

## Disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This Annual Report was approved by the Board of Directors and authorised for issue on 3 June 2022.

On behalf of the Board

**A. Paul Blakeley**

# Board of Directors



## A. Paul Blakeley OBE

**Executive Director, President and Chief Executive Officer**

**Appointed:**

Executive Chairman June 7, 2016 /  
President and CEO June 15, 2017

**Committee Memberships:**

HSEC Committee; Disclosure Committee; and  
Governance & Nomination Committee

Paul commenced at Jadestone in June 2016. Paul holds a BSc. from Bedford College, University of London. Paul has over 40 years' energy experience, including over 20 years at Talisman Energy Inc ('Talisman'). As Executive Vice President Asia Pacific & Middle East at Talisman, Paul led the building of Talisman's portfolio in Asia Pacific to become the largest upstream independent in the region.

Paul has a long track record of acquiring production and managing commercial and operational risks, while overseeing investment to further enhancing value through follow-on development activity.

**Directorships of Other Reporting Issuers:**

None



## Dennis McShane

**Independent Non-Executive Director, Chair**

**Appointed:**

December 10, 2017

**Committee Memberships:**

Governance & Nomination Committee (Chair);  
and Remuneration Committee

Dennis has over 40 years' experience in finance, oil and gas, and mining sectors in the US, Europe, Africa, and Australia. Dennis has been involved in numerous transformational corporate transactions both as director and advisor.

He currently serves as an Executive Director of The Advertising Checking Bureau, Inc., and previously he was the Executive Director of Strategy for Ophir Energy plc having previously served as a Senior Independent Director during its Initial Public Offering (IPO), and Director of Finance and Strategy leading the IPO of Ferrexpo plc. Dennis was also previously a Managing Director with JP Morgan Chase and Co.

**Directorships of Other Reporting Issuers:**

None



## Robert Lambert

**Independent Non-Executive Director, Deputy Chair**

**Appointed:**

May 5, 2011

**Committee Memberships:**

HSEC Committee (Chair); and Audit  
Committee

Robert has over 50 years' experience in the international petroleum exploration and production business. Robert is MBA-qualified and previously held numerous operational and management positions during his career with Conoco Inc. from 1978 to 2004. Robert contributes his extensive experience in commercial and operational risk management in upstream oil & gas to Jadestone's Board. Robert is currently also a Director of Vancouver-based Hillcrest Energy Technologies Ltd.

**Directorships of Other Reporting Issuers:**

Hillcrest Energy Technologies Ltd.

# Board of Directors



## Cedric Fontenit

**Independent Non-Executive Director**

**Appointed:**

June 7, 2016

**Committee Memberships:**

Remuneration Committee (Chair); and Governance & Nomination Committee

Cedric has extensive experience in advising on M&A, financing and structuring investments gained from his 20-year career in investment banking and hedge fund industries. Cedric is currently co-founder and managing partner of Amavia Capital, a private investment firm and the President of Tall Mount SAS. He was previously a senior member of the investment team at Tyrus Capital S.A.M. where he had significant investment experience in the oil and gas and mining industries, among others.

**Directorships of Other Reporting Issuers:**

None



## Iain McLaren

**Independent Non-Executive Director**

**Appointed:**

April 21, 2015

**Committee Memberships:**

Audit Committee (Chair); Governance & Nomination Committee; and Remuneration Committee

Iain has significant experience in the oil and gas sector and is currently Director, Chair of the Audit Committee and a member of the Remuneration and Nominations committees for Wentworth Resources plc, as well as a Director of Ecofin Global Utilities and Infrastructure Trust plc. Iain is a past Senior Independent Director for Capricorn Energy plc (formerly Cairn) and a number of other companies. Iain was the President of the Institute of Chartered Accountants of Scotland, and was a partner in KPMG for 28 years until 2008, bringing extensive experience in public company audit, internal control and risk management.

**Directorships of Other Reporting Issuers:**

Ecofin Global Utilities and Infrastructure Trust plc; and Wentworth Resources plc.



## David Neuhauser

**Non-Executive Director**

**Appointed:**

June 7, 2016

**Committee Memberships:**

None

David has extensive capital markets and M&A experience and is currently founder and CIO of event-driven hedge fund Livermore Partners in Chicago. He is a Non-Executive Director of AEX Gold and the Chairman of the board of Kolibri Global Energy Inc. He has invested in and advised global public companies for the past 21 years and has a strong track record of enhancing intrinsic value through restructuring and strategic initiatives.

**Directorships of Other Reporting Issuers:**

Kolibri Global Energy Inc.; and AEX Gold Inc





## Lisa Stewart

### Independent Non-Executive Director

#### Appointed:

December 1, 2019

#### Committee Memberships:

HSEC Committee; and Audit Committee

Lisa has over 40 years of experience in the upstream oil and gas industry in engineering and senior management positions. Currently Lisa is a Director of Cotterra Energy Inc., Director of Western Midstream Partners LP, and Executive Chairman of Sheridan Production Partners LLC, previously Lisa has served as President and Chief Executive Officer of Sheridan Production Company LLC. Lisa was an Executive Vice President of El Paso Corporation, President of El Paso E&P, and Director of Talisman Energy Inc. Prior to her time at El Paso, Lisa spent 20 years at Apache, including extensive experience in Asia-Pacific, leaving in January 2004 as Executive Vice President with responsibility for reservoir engineering, business development, land, environmental, health & safety, and corporate purchasing.

#### Directorships of Other Reporting Issuers:

Cotterra Energy Inc.; and Western Midstream Partners LP



## Jenifer Thien

### Independent Non-Executive Director

#### Appointed:

April 7, 2022

#### Committee Memberships:

Remuneration Committee; Governance & Nomination Committee; and HSEC Committee

Jenifer is the Founder and Principal of Grit and Pace, through which she advises corporations on Environmental, Social and Governance (ESG) strategy and what it takes to drive change in supply chain, procurement and operational excellence. Currently Jenifer is an Independent Non-executive Director of UEM Edgenta Berhad. She has over 30 years of international senior executive experience in the consumer-packaged goods industry and had the opportunity to live and work in several countries across Asia and the US throughout her career. This includes 25 years with Mars, Incorporated, where she last served as the Global Chief Procurement Officer. Jenifer has successfully led complex business transformation and sustainability programs through her deep understanding of the business enterprise, the ability to mobilise required capabilities, as well as intensive stakeholder engagement.

#### Directorships of Other Reporting Issuers:

UEM Edgenta Berhad

# Audit Committee report

## Committee members and meeting attendance

In 2021 the Audit Committee comprised:

- **Iain McLaren** (Committee Chair)
- **Robert Lambert**
- **Lisa Stewart**

All of whom are independent.

Meeting Attendance:

<b>Iain McLaren</b>	3 out of 3
<b>Robert Lambert</b>	3 out of 3
<b>Lisa Stewart</b>	3 out of 3

Meetings:

14 April 2021 | 31 August 2021 | 16 November 2021

## Role of the Committee

The Audit Committee has oversight of the Group's financial reporting including any accompanying narrative, internal controls and risk management systems, compliance, whistle-blowing and fraud, as well as external statutory financial audits and reserves audits.

## Letter from the Committee Chair

Dear shareholder,

**It is my pleasure to present the Audit Committee Report for the year ended 31 December 2021.**

### Relief from Canadian reporting obligations

As a further step in the Group's ongoing pivot away from its legacy Canadian securities market presence and Canadian corporate governance practices to those aligned with its UK peers, the Company applied in March 2022 to the British Columbia Securities Commission, and was shortly thereafter granted relief to cease to be a reporting issuer in Canada.

This application was justified by the very low and decreasing level of Canadian based shareholding in the Company (estimated at around 0.09% of issued capital at that time), as well as expected efficiency improvements and cost reductions for the Group. The UK pivot has, among other steps, already seen the Company's shares admitted to AIM in August 2018, the Group's compensation structures realigned from North American to UK norms starting from May 2019, the Company's shares delisted from the TSX Venture exchange in March 2020, the adoption of the QCA Code in place of Canadian governance norms and practices in December 2020, and the redomicile of the Group's parent company to the UK in April 2021.

The effect of the BCSC Order is that Jadestone is no longer classified as a designated foreign issuer under Canadian securities regulations and is no longer required to file financial statements and other continuous disclosure documents with the Canadian securities regulatory authorities. Jadestone will continue to comply with all UK regulatory and disclosure requirements.

### Selection of UK registered auditor following the internal reorganisation

Following the internal reorganisation under which, among other things, Jadestone Energy plc became the new ultimate holding company of the Group (see further page 86), the Audit Committee oversaw the identification of a new UK registered auditor within Deloitte to become the new signing partner for the annual audited statutory Group accounts.

### Financial reporting

Over the last twelve months the Audit Committee has monitored and reviewed the preparation and issuance of the Group's consolidated audited financial statements and Company audited financial statements for the year/period ended 31 December 2021, along with the Group's unaudited condensed interim financial statements for the six-month period ended 30 June 2021.

The Audit Committee has remained focussed on reviewing material matters affecting the risks and financial position of the Group. During 2021 this focus continued to include an assessment of the risks and financial impacts on the Group from the combined impact of the COVID-19 pandemic and continued volatility in oil prices.

The Audit Committee also reviewed the auditor's planning report for the 2021 full year audit, including consideration of the planned scope and audit approach, the materiality level and the auditor's identified items of significant risk and areas of audit focus, and independence, among other factors. The Committee then oversaw the completion of the preparation and finalisation of the issuance of the Group's consolidated audited financial statements for the year ended 31 December 2021. This has included a thorough review and challenge of the financial statements as well as the significant financial reporting issues and judgements contained within them, and a detailed discussion with the auditor of their May 2022 final report to those charged with governance.

## Audit fees and non-audit services by the auditor

Under clause 8.6.1(l) of the Audit Committee Terms of Reference ("TOR"), the Group is precluded from engaging Deloitte for any non-audit services across the business. Exceptions to this principle, on a one-off basis, may be considered, but in all cases subject to the Audit Committee's prior approval. This policy is applied on a global basis to all member firms of the Group's auditors. This restriction has been complied with in 2021, as it was in 2020 and 2019, with no non-audit services and no non-audit fees paid to the auditors. Total fees paid to the auditors were as follows:

US\$'000	Twelve months ended 31 December 2020	Twelve months ended 31 December 2021
Total audit fees	382	795
Non audit fees paid to auditors	-	-
Total fees paid to auditors	382	795

## Auditor rotation

Under cl. 8.6.2(b) of the Audit Committee TOR, the Company is required to put the Group's audit services contract out to tender at least once every ten years. This helps to ensure the Group can compare the quality and effectiveness of the services provided by the external auditors. Additionally, the external audit lead partner must be rotated after a maximum of five years, cl. 8.6.2(a).

Deloitte was first engaged as auditor for the Group's consolidated statutory audited financial statements for the year ended 31 March 2014 for Jadestone Energy plc's predecessor entity Mitra Energy Inc. (which at that time had a March year end). The Company will ensure compliance with cl. 8.6.2(b), namely putting the Group consolidated annual statutory audit out to tender, by no later than the year ended 31 December 2023.

The year ended 31 December 2021 is the first year that Mr Cathal Treacy has been the Group's audit lead partner. Should Deloitte continue as auditor for the Group's consolidated annual statutory financial statements beyond 2025, the Company will ensure appropriate rotation of the audit lead partner within Deloitte at that time.

## ESG

Consistent with the changes around reporting in response to climate transition risk, the Audit Committee has monitored the Group's responses to climate risk and ESG disclosures generally and reviewed the Group's TCFD scenarios, analysis and disclosure specifically.

## Reserves reporting

The Board has continued to delegate to the Audit Committee the oversight, monitoring and review of the Group's oil and gas reserves and resources disclosures.

The Audit Committee has duly overseen the work conducted by management and by the Group's qualified third-party reserves evaluator culminating in the Group's disclosure of year end 2021 reserves on page 198.

Yours sincerely,

**Iain McLaren**

Non-Executive Director and Chair of the Audit Committee

## Responsibilities of the Audit Committee

- Monitor the integrity of the Group's financial statements including its annual and interim financial statements and reviewing significant financial reporting issues and judgments contained within them;
- Overseeing the Group's accounting and financial reporting processes, the Group's internal controls and risk management systems and the resolution of any issues identified by the Group's external auditor;
- Meeting with the Group's external auditor, along with the Chief Financial Officer and select senior finance managers of the Group, to plan for and to subsequently review the annual audited and interim unaudited financial statements of the Group; and
- Supervise the Group's reporting of its oil and gas reserves including overseeing the work undertaken by the Group's independent third party reserves evaluator.

## Review of the financial statements

The Audit Committee monitors the integrity of the annual and interim financial statements and reviews the significant financial reporting matters and accounting policies and disclosures in the financial reports. The external auditor attended all Audit Committee meetings during the year.

At the conclusion of the annual audit process the auditor provides a detailed final report to those charged with governance, including the results of their audit and other audit matters. The Audit Committee evaluates the overall performance of the auditor and recommends their continued appointment to the Board.

## Internal controls and risk management

The Audit Committee is responsible for the oversight of the Group's system of internal controls including the risk management framework. The Group's principal risks and uncertainties, which provide a framework for the Committee's focus, are discussed on pages 57 to 63.

Management identifies the key operational and financial processes that exist within the business and has developed an internal control framework. This is structured around a number of Group policies and procedures and includes a delegated authority framework.

## Compliance, whistleblowing and fraud

The Audit Committee reviews the Group's procedures, systems and controls, including for detecting fraud, for the prevention of bribery, money-laundering, and corporate criminal offence. The Committee receives reports on any non-compliance, of which there were none in 2021.

The Group has a whistleblowing policy in place and the Committee is responsible for overseeing the arrangements and the effectiveness of the processes for this. The policy exists to enable employees to raise any concerns in confidence about wrongdoing or impropriety within the Group.

## Internal audit

The Group currently does not have an internal audit function. The Committee continues to monitor the appropriateness of this as the Group evolves and grows.

# Remuneration Committee report

## Committee members and meeting attendance

In 2021 the Remuneration Committee comprised:

- **Cedric Fontenit** (Committee Chair)
- **Dennis McShane**
- **Iain McLaren**

All of whom are independent.

Meeting Attendance:

<b>Cedric Fontenit</b>	2 out of 2
<b>Dennis McShane</b>	2 out of 2
<b>Iain McLaren</b>	2 out of 2

Meetings:

4 March 2021 | 18 November 2021

## Role of the committee

The Remuneration Committee ensures that the remuneration of directors, employees and officers is set appropriately based on industry data, with the goal of attracting, retaining, and motivating key management personnel to ensure the long-term success of the Group.

## Key roles and responsibilities

Responsibilities of the Remuneration Committee include:

- Annually reviewing and making recommendations with respect to executive remuneration, including short-term and long-term incentives, and remuneration of the non-executive directors; and
- Annually assessing the contribution and effectiveness of each director, as well as the competencies and characteristics each director is expected to bring to the Board.

Responsibilities of the Remuneration Committee Chair include:

- Setting agendas, chairing committee meetings and ensuring all tasks delegated to the Committee are dealt with;
- Leading consultations with shareholders on the Company's remuneration policy;
- Answering questions about remuneration more generally with shareholders.

Responsibilities of all members of the Remuneration Committee include:

- Be independent and willing to justify the decisions of the Remuneration Committee to executive directors and senior management;
- Be willing and able to resist inappropriate demands from executive directors and senior management;
- Be prepared to seek external advice when necessary;
- Be willing to seek and take into consideration the views of shareholders; committing sufficient time to the role to develop the necessary skills and knowledge (including, for example, current market practice, taxation and legal requirements), and to work as part of a small committee;
- Conduct an annual review of the Remuneration Committee advisers, and the fees charged for advice and other services, including a review of their independence and potential conflicts of interest; and
- Review the Group's legal obligations, including changes to employment and discrimination law, company law and relevant regulations as well as the effect of any changes to tax law or rates of tax.



## Letter from the Committee Chair

Dear shareholder,

**On behalf of the Board, I am pleased to present the Remuneration Committee report for the year ended 31 December 2021.**

The first section describes the in-place total reward structure and explains its application and implementation in 2021 and beyond, including the application of long-term incentive ("LTI") policies, which were approved by shareholders on 15 May 2019.

As noted in the 2020 report and disclosed earlier, Jadestone is now in the final stages of a three-year transition towards remuneration structures that are typical of a UK-listed company and away from North American structures and norms.

### Key changes in 2021 and 2022

In response to the extraordinary financial challenges the upstream industry faced in 2020 resulting from the COVID-19 pandemic, the remuneration of the CEO, the CFO and the Board was subject to a six-month reduction in 2020, in order to maximise the resiliency of the business during the most severe period in the pandemic. As a result, remuneration figures in the total remuneration table for 2021 are higher than 2020.

### Changes to CEO remuneration

The most significant remuneration event in 2021 arose from the relocation of Jadestone's CEO from Singapore to Australia, in order to be closer to the Group's current producing operations, as well as to both Australian and New Zealand governments, regulators and trade bodies, in an attempt to seek to further influence outcomes in favour of Jadestone.

As a result, the Remuneration Committee has reviewed the CEO's remuneration and benefits package, taking advice from its external remuneration, tax and legal advisers. As part of the review, the Remuneration Committee also took the opportunity to rebalance and simplify the CEO's existing package, particularly taking into account feedback received from shareholders desiring a greater weighting towards performance pay and long-term incentive.

The review also reflected on the CEO's contractual terms and conditions, external market practice, affordability and the best practice expectations of investors within UK financial markets, following the Company's pivot to a UK domicile. As a result, the CEO's package will be more transparent and better aligned to shareholder interests through the performance linkage. To be clear, this is a rebalancing of the CEO's package, **and represents a nil increase in total remuneration.**

The CEO received assistance to relocate to Australia, amounting to US\$240,000. This covered one-off items such as temporary accommodation, shipping costs, medical costs and relocation flights during a period when hard lockdown measures were in place.

The table below illustrates the pre and post relocation packages for the CEO in more detail.

### CEO remuneration summary

Element (all figures in US\$)	Full package entitlement pre relocation	Full package entitlement post relocation
Annual Base Salary - delivered as a mix of cash and RSU's (US\$50,000)	550,000	650,000
Pension - 10% of salary paid in cash	55,000	65,000
Annual performance pay at target - 75% of salary (in a range of zero to 150%)	412,500	487,500
Long term incentive - 95% of salary	522,500	617,500
Tax protection on benefits in kind/allowances	119,464	0
International allowances and benefits	543,017	280,000
Payroll tax	0	101,851
<b>Total</b>	<b>2,202,481</b>	<b>2,201,850</b>

## Changes to CFO remuneration

To further align the CEO and CFO remuneration packages, and based on the feedback from shareholders as referenced above, the Remuneration Committee also took the opportunity to rebalance and simplify the CFO's existing package, which applied to Daniel Young before he stepped down as CFO and Director on 29 April 2022.

It was decided to reduce overseas and international allowances by US\$162,237. Just over half of this reduction was applied to base salary, increasing it by US\$90,000, and fed through into annual performance pay and long-term incentive. As a result, the package was considered to be more transparent and better aligned to shareholder interests through the increased amount of pay which is performance linked.

## CFO remuneration summary

Element (all figures in US\$)	2021 package	2022 package <sup>1</sup>
Salary	340,000	430,000
Pension - 10% of salary paid in cash	34,000	43,000
Annual performance pay at target - 65% of salary (in a range of zero to 130%)	221,000	279,500
Long term incentive - 80% of salary	272,000	344,000
Tax protection on benefits in kind	40,092	0
International allowances and benefits	362,237	200,000
<b>Total</b>	<b>1,269,329</b>	<b>1,296,500</b>

<sup>1</sup> Applied to Daniel Young's remuneration prior to him stepping down as CFO and Director on 29 April 2022.

## Ongoing evolution of LTI

As part of the three-year transition to UK remuneration norms from North American norms, in 2019 we announced a transition under the LTI programme away from time-vested share options to a performance share plan ("PSP"), with three-year cliff vesting linked to specific stretch performance conditions. The LTI awards made to management in April 2022 are delivered 25% in the form of share options and 75% in the form of performance shares. The April 2022 awards represent the final year in the three-year transition in which options will form part of the long-term incentive awards for management.

In conducting its work, the Remuneration Committee sought the support of several independent specialist service providers. Mercer provided independent advice including advice on governance best practices, remuneration benchmarking and cost of living differentials between Singapore and Australia. Advice was also received from PwC and Ernst & Young in respect of certain tax and legal aspects of the CEO's relocation.

I welcome any feedback from investors on our remuneration arrangements. You can get in touch with me via the Group's Investor Relations Manager.

## Other key matters in relation to 2021 remuneration

During the course of 2021, other key matters considered by the Remuneration Committee included:

- Reviewing and providing constructive input on the CEO's 2021 performance contract, and agreeing on outcomes relating to performance pay;
- Reviewing recommendations for increases in remuneration for 2021, including reflecting the gradually improving economic environment following the COVID-19 pandemic;
- Reviewing and agreeing on performance share plan metrics and agreeing on LTI plan grants for individuals;
- Acknowledging an overall 2021 performance of 50.5% of total objectives for 2021, as further detailed below;
- Reviewing fees for Non-Executive Directors, which are paid in cash, in alignment with UK remuneration norms; and
- Conducting a review of foreign service allowances.

Yours sincerely,

**Cedric Fontenit**

Non-Executive Director and Chair of the Remuneration Committee

## Total rewards structure

Jadestone's total rewards structure offers a competitive package aligned to the principles of performance and delivery. The Group believes its emphasis on performance pay and long-term incentives, with clear goal setting, helps to deliver a results-oriented culture that generates exceptional results with visible recognition and rewards in the event of the delivery of agreed objectives.

### a Remuneration at a glance

Total reward component	Detail	Eligible employees
Base salary	To enable the recruitment and retention of individuals who possess the appropriate experience, knowledge, commercial acumen and capabilities required to deliver sustained long-term shareholder value	All permanent employees
Pension	Aligned to pension standards in the country of jurisdiction	All permanent employees
Performance pay	Annual performance pay target for eight job bands with performance pay ranging from 0-10% to 0-150%. Annual performance pay depends on both employee and Group performance against agreed KPIs	All permanent employees
Long-term incentive	Transition from share option plan to a PSP to align with pivot to UK market norms. Implemented over a three-year transition with 100% PSP to be awarded as part of the 2022 remuneration cycle	Limited to permanent employees at a senior job band who can most influence corporate outcomes

### b Executive employment agreements

Mr. Blakeley is party to an executive employment agreement which provides that, in the event of a change of control of Jadestone and where notice of termination is given by Jadestone to Mr. Blakeley in connection with such change of control, Mr. Blakeley is entitled to payment in the amount of twenty-four (24) times his monthly salary; two (2) times the annual performance pay target (the annual performance pay target amount in respect of the year preceding the date of notice, if the date of notice precedes the date upon which such performance pay amount would have been paid and, a pro-rata portion of the annual performance pay target amount in respect of that portion of the current year to the date of notice) and an amount equivalent to US\$500,000 as compensation for the loss of overseas allowances and all other benefits over the period of twenty-four (24) months.

Until he stepped down as CFO and Director on 29 April 2022, Mr. Young was similarly party to an executive employment agreement which provided that in the event of a change of control of Jadestone and where notice of termination was given by Jadestone to Mr. Young in connection with such change of control, Mr. Young was entitled to payment in the amount of twelve (12) times his monthly salary; one (1) times the annual performance pay target (the annual performance pay target amount in respect of the year preceding the date of notice, if the date of notice preceded the date upon which such performance pay amount would have been paid and, a pro-rata portion of the annual performance pay target amount in respect of that portion of the current year to the date of notice) and an amount equivalent to US\$100,000 as compensation for the loss of foreign service allowances and all other benefits over the period of twelve (12) months.

### c Illustration of policy application

The following table presents the targets and maximum payments possible for each component of the total rewards structure.

Reward component	Position	Position
2021 base salary	CEO CFO	Annual salary of US\$625,000 <sup>1</sup> Annual salary of US\$340,000 <sup>2</sup>
Pension allowance	CEO CFO	10% of base salary 10% of base salary
Performance pay	CEO CFO	0 – 150% 0 – 130%
Long-term incentive	CEO CFO	95% of base salary 80% of base salary

1 In 2021 Mr Blakeley received a base salary of US\$625,000 being three months under his 2020 salary of US\$550,000 and nine months under his new salary of US\$650,000. Mr Blakeley has continued to receive US\$50,000 of his annual base salary in the form of restricted share units. Note that RSUs are only used as an alternative to cash under exceptional circumstances to provide greater alignment with shareholder objectives.

2 In 2021 Mr Young received a base salary of US\$335,000 being three months under his 2020 salary of US\$320,000 and nine months under his new salary of US\$340,000.

## 2021 Remuneration report

### a Total remuneration

The table on the bottom half of this page sets out the total remuneration, including the value of LTI awards, for both the executive directors and the non-executive directors for 2021, as compared to 2020 and 2019.

Pursuant to Project Clover, the Group's cash flow savings and efficiency programme implemented during the COVID-19 pandemic, Executive and Non-Executive Directors agreed to a 25% reduction in base salary, and Executive Directors to a 20% reduction in overseas allowances, for a 6-month period in 2020. For that reason, 2019 remuneration is also included to illustrate a 12-month period without the temporary reduction to remuneration to compare with 2021.

The 2019 remuneration cycle was the final time that Non-Executive Directors received any form of long-term shares or share option-based incentive awards (awarded in April 2020). Following an external review of non-executive cash remuneration within the peer group, the Non-Executive Director fees were adjusted to compensate for the loss in value of stock options with fees targeted at around the 50% percentile of the peer group. This increase in board fees was finally awarded in December 2020, having been withheld as part of the Project Clover initiative to reduce 2020 costs.

Category	Annual fee prior to fee revision (US\$)	Revised annual fee – 1 December 2020 (US\$)
Non-Executive Chair	125,000	150,000
Non-Executive Director	60,000	80,000
Audit Committee Chair	20,000	20,000
Rem Com Chair	10,000	15,000
Reserves Chair	10,000	10,000
HSSE Chair	10,000	10,000
Committee Member	5,000	5,000

### Board fee structure

Name and position	Year <sup>1</sup>	Salary or fees (US\$)	Pension allowance (10% of base salary)	Performance pay (US\$) <sup>2</sup>	Committee or meeting fees (US\$)	Value of overseas allowance support (US\$)	LTI <sup>3</sup> (US\$)	Other benefits <sup>4</sup>	Total fixed remuneration	Total variable remuneration	Total remuneration
<b>Executive Directors</b>											
<b>A. Paul Blakeley</b> Director, President and Chief Executive Officer	2021	625,000	62,500	492,375	Nil	356,708	347,763	29,219	1,073,427	840,138	1,913,565
	2020	487,500	55,000	536,250	Nil	443,332	359,810	36,256	1,022,088	896,060	1,918,148
	2019	500,000	50,000	585,000	Nil	516,926	312,566	28,751	1,095,677	897,566	1,993,243
<b>Daniel Young</b> Director and CFO <sup>5</sup>	2021	335,000	33,500	199,000	Nil	365,899	181,036	24,468	758,867	380,036	1,138,903
	2020	280,000	32,000	225,420	Nil	328,460	193,501	20,826	661,286	418,921	1,080,207
	2019	320,000	32,000	224,000	Nil	331,538	195,347	18,351	701,889	419,347	1,121,236
<b>Non-Executive Directors</b>											
<b>Cedric Fontenit</b> Director	2021	80,000	Nil	Nil	15,000	Nil	Nil	Nil	95,000	Nil	95,000
	2020	56,667	Nil	Nil	9,792	Nil	11,395	Nil	66,459	11,395	77,854
	2019	56,250	Nil	Nil	10,000	Nil	19,853	Nil	66,250	19,853	86,103
<b>Robert Lambert</b> Director and Deputy Chair	2021	80,000	Nil	Nil	15,000	Nil	Nil	Nil	95,000	Nil	95,000
	2020	56,667	Nil	Nil	13,125	Nil	11,395	Nil	69,792	11,395	81,187
	2019	56,250	Nil	Nil	12,500	Nil	19,853	Nil	68,750	19,853	88,603
<b>Iain McLaren</b> Director	2021	80,000	Nil	Nil	25,000	Nil	Nil	Nil	105,000	Nil	105,000
	2020	56,667	Nil	Nil	21,875	Nil	11,395	Nil	78,542	11,395	89,937
	2019	56,250	Nil	Nil	25,000	Nil	19,853	Nil	81,250	19,853	101,103
<b>Dennis McShane</b> Director and Chair	2021	150,000	Nil	Nil	5,000	Nil	Nil	Nil	155,000	Nil	155,000
	2020	114,583	Nil	Nil	4,375	Nil	17,093	Nil	118,958	17,093	136,051
	2019	125,000	Nil	Nil	5,000	Nil	26,470	Nil	130,000	26,470	156,470
<b>David Neuhauser</b> Director	2021	80,000	Nil	Nil	Nil	Nil	Nil	Nil	80,000	Nil	80,000
	2020	56,667	Nil	Nil	Nil	Nil	11,395	Nil	56,667	11,395	68,062
	2019	56,250	Nil	Nil	Nil	Nil	19,853	Nil	56,250	19,853	76,103
<b>Eric Schwiter</b> Director	2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2019	56,250	Nil	Nil	10,000	Nil	19,853	Nil	67,619	19,853	87,472
<b>Lisa Stewart</b> Director	2021	80,000	Nil	Nil	10,000	Nil	Nil	Nil	90,000	Nil	90,000
	2020	56,667	Nil	Nil	17,500	Nil	11,395	Nil	74,167	11,395	85,562
	2019	5,000	Nil	Nil	833	Nil	28,343	Nil	5,833	28,343	34,176

1 The performance pay for 2019 & 2020 has been restated to an accruals basis to reflect the performance pay awarded in the following year based on the performance targets of the reporting year. Therefore, the performance pay of 2020 was cash paid in 2021 based on the performance criteria achieved in 2020. The annual reports for 2019 and 2020 reflect the cash bonus paid during the year so the performance pay of 2020 was based on the performance criteria of 2019. Performance pay is finalised and approved in March of the year following the prevailing year, based on the achievement of various corporate targets and objectives. The amounts shown in 2021 reflect performance pay paid in 2022 with respect to 2021 performance.

2 LTI represents the market value of the share options awarded during the year, there have been no awards to the non-executive directors in 2021.

3 Overseas allowance support includes International Talent Allowance / Benefits in Kind (Housing, Schooling, Home Leave) and tax protection on benefits in kind and allowances.

4 Other benefits comprise healthcare and life insurance plans.

5 Resigned as Director and CFO in December 2021, effective 29 April 2022.

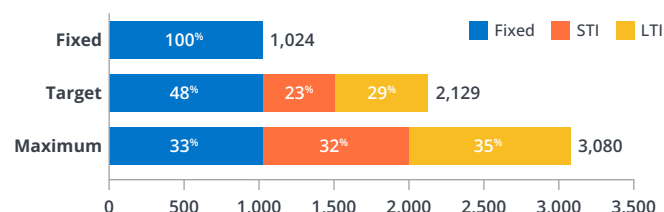


## b Comparison of fixed and variable remuneration

The following charts illustrate the 2021 remuneration mix for the CEO and CFO, based on their prevailing total rewards plan and target outcomes. Note that variable pay, including performance pay and LTI, with respect to a calendar year compensation cycle, is not ultimately determined and granted until April of the following year.

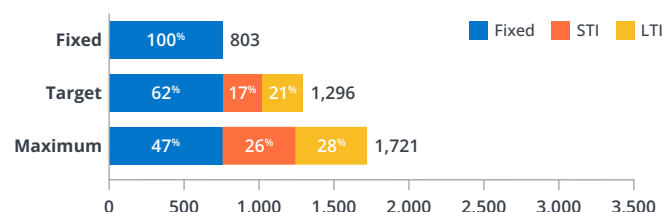
### CEO – 2021 remuneration mix, at target

(not actual), in thousands of US dollars



### CFO – 2021 remuneration mix, at target

(not actual), in thousands of US dollars



STI = short-term incentive

## c Overseas allowance support

Overseas allowances are provided to individuals on assignment in a host location with the objective of providing market competitive benefits consistent with the role and location of the posting.

Jadestone Energy plc is a company incorporated in England and Wales with shares listed on AIM, but the Group operates in Southeast Asia and Australasia with offices in Singapore, Malaysia, Indonesia, Vietnam, Australia and New Zealand. The Group does not maintain a staffed office in the UK.

This unique approach, among its listed peers, of locating Jadestone's leadership close to our key assets, ensures management works closely with the activities and operations in the Asia-Pacific region, and the team is dispersed in order to provide coherent and aligned leadership throughout the business. This has an advantage both in managing the day-to-day activities of the Group, as well as being able to interact directly with external stakeholders. It also eliminates the cost of maintaining an office in the UK.

Because the CEO and CFO are foreigners working in a host location, aligned with standard market practice, they receive support to recognise the extra costs arising from living in that overseas host location. These allowances are independently reviewed and benchmarked on an annual basis with Mercer.

## d Other benefits

The CEO and CFO are provided with private medical insurance and covered under Group insurance plans (Group term life, long-term disability and personal accident).

## e Project Clover savings in 2020

As noted above, remuneration for the Executive and Non-Executive Directors was reduced in 2020 in recognition of the extraordinary financial challenges the upstream industry faced at that time. All Non-Executive Directors agreed to a 25% reduction in their board fees for the six-month period 1 June to 30 November 2020, while the Executive Directors agreed to a 25% reduction in base salary and a 20% reduction to cash based allowances (excluding pension) for the same period.

## f 2021 Executive remuneration review

Mercer has undertaken an annual review of executive remuneration in 2021 and against Jadestone's peer group. The review showed that the gross salary for the CEO remained below market whilst incentives remained within market.

As a result, and pursuant to the CEO's relocation to Australia, the Remuneration Committee agreed to a base salary increase for the CEO to US\$650,000 per annum effective 1 April 2021. However, this was fully offset by a reduction in the overseas allowance to represent a nil increase in total compensation. The CEO continues to receive US\$50,000 of base salary in the form of restricted share units.

## g CEO relocation costs

The CEO received assistance to relocate to Australia, amounting to US\$240,000. This covered one-off items such as temporary accommodation, shipping costs, medical costs and relocation flights for him and his family.

- 2021 reflects a reinstatement of base salary following reductions in 2020 as a result of Project Clover.
- Fixed pay comprises base salary (including US\$50,000 for CEO paid as RSUs), pension allowance, overseas allowance, and other benefits.
- Target pay comprises fixed pay plus performance pay at target (CFO at 65% and CEO at 75%) and assumed LTI value.
- Maximum pay comprises fixed pay plus performance pay at maximum pay-out (CFO at 130% and CEO at 150%) and assumed LTI value.
- Values for performance shares and stock options are based on the independently verified values at the time of the grant. Maximum award to achieve 200% performance outcome requires >80% share performance compared with Jadestone's peer group for relative TSR and >40% increase in share price for absolute TSR. Further details see pages 103 to 104.

## h Performance pay

Performance pay is tracked by the Remuneration Committee directly back to the achievement of KPIs set out in the CEO's performance contract. These KPIs are also distilled into the management team's performance evaluation.

The following table summarises the KPIs in the CEO's performance contract, which were used to determine performance pay in respect of 2021 and paid in 2022.

Each of these categories contains at least four sub-sections with outcomes for each target assessed by the Remuneration Committee. Performance pay is paid 100% in cash with no deferral.

Performance measure	Weighting	Key targets summary	Assessed overall 2021 performance
Achieve 2021 operations targets	30%	Deliver plan production & operating cost targets. Capital programmes and work programmes. Performance improvement targets.	20% 5% 5%
Deliver continuous improvement in ESG performance	20%	Maintain top quartile HSE. Maintain MSCI ESG Rating at BBB – strive to progress to A Deliver improving performance on environmental targets. Build a strong, diverse and sustainable organisation. Adhere to top quartile governance standards.	5% 5% 5% 2.5% 2.5%
Deliver per share accretive growth in the Asia-Pacific region	30%	Maintain delivery of strategic objectives Complete one or more new accretive acquisitions.	10% 20%
Create sustainable shareholder value	20%	Improve market value and share price growth. Maintain sustainable funding and leverage. Investor Relations	12.5% 2.5% 5%
	<b>100%</b>		<b>50.5%</b>

## i LTI awards during the year

LTI awards were granted to senior executives and personnel in March 2022 as part of the 2021 remuneration cycle. This is the final time the Company is including stock options within its LTI awards mix, with 75% of the 2021 LTI award in the form of performance shares and 25% in the form of stock options. This move away from stock options was announced in 2019 as part of the Company's transition away from North American long-term incentive norms (stock options) to UK norms (performance shares).

LTI grants are subject to a three-year cliff vest. The LTI awards granted to Jadestone employees under the performance share plan are aligned to Group and individual performance and are subject to Board approval. Awards granted under both the Company's performance share plan and its stock option plan are subject to good leaver/bad leaver, malus and clawback provisions.

The following table summarises the long-term incentive awards granted to the Executive Directors in 2022 as part of the 2021 remuneration cycle.

Valuations of both performance share awards, and stock option awards were independently assessed and verified by Mercer.

Name and position	Type of remuneration security	Number of remuneration securities	Date of issue or grant	Unit value at issuance (GBP)	Closing price of security or underlying security at year end (GBP)	Expiry date
<b>A. Paul Blakeley</b> Director, President and Chief Executive Officer	Performance shares	350,005	9 March 2022	0.98	0.92	8 March 2032
	Stock options	260,382	9 March 2022	0.92	0.92	8 March 2032
<b>Daniel Young</b> Director and CFO	Performance shares	0*	N/A	N/A	N/A	N/A
	Stock options	0*	N/A	N/A	N/A	N/A

\* Daniel Young resigned as CFO in December 2021 and therefore was not eligible to participate in 2022 LTIP grant.

The table below lays out the transition of the LTI awards to performance shares. It is worth re-emphasising that this transition did not apply to the Non-Executive Directors, who did not receive any LTI awards from 2020, in line with UK best practice.

Remuneration year <sup>1</sup>	SOP grant allocation	PSP grant allocation
2019	75%	25%
2020	50%	50%
2021	25%	75%
2022	0%	100%

### LTI performance measures in 2021

The performance measures set by the Remuneration Committee have not changed from 2020. They incorporate a balance of relative and absolute total shareholder return ("TSR") to reward outperformance vs. peers (relative TSR) and alignment with shareholders (absolute TSR).

Jadestone continues to consider several other performance metrics, but in the context of volatility in the sector share price performance and the oil price, the Remuneration Committee considers that TSR-based metrics continue to offer the most transparent and efficient way to measure long-term performance.

### Performance share award details

The performance share awards granted by the Company in March 2022 as part of the 2021 remuneration cycle will vest in accordance with a pre-defined set of performance measures, unchanged from 2020, to be determined over a three-year performance period.

#### Performance measure 1: absolute TSR (weighting: 30%)

Share price plus dividend, to be set at the start of the performance period and assessed annually. The threshold share price plus dividend has to be equal to or greater than a 10% increase in absolute terms to earn any payout at all and must be 25% or greater for the target payout.

#### Performance measure 2: relative TSR (weighting: 70%)

Jadestone's TSR as measured against the TSR of our agreed peer companies. The size of the payout is based on Jadestone's ranking against the TSR outcomes of our peer group.

### Jadestone's peer group

Cooper Energy	Horizon Oil
Energean	Pharos Energy
Enquest	Serica Energy
Genel Energy	* Senex Energy
Gulf Keystone	Transglobe
Harbour Energy	Tullow Oil

\* For the 2022 – 2025 performance cycle, Senex Energy will be removed from Jadestone's peer group and replaced by Hibiscus Petroleum. Senex Energy is no longer considered a peer following the takeover by POSCO in 2021.

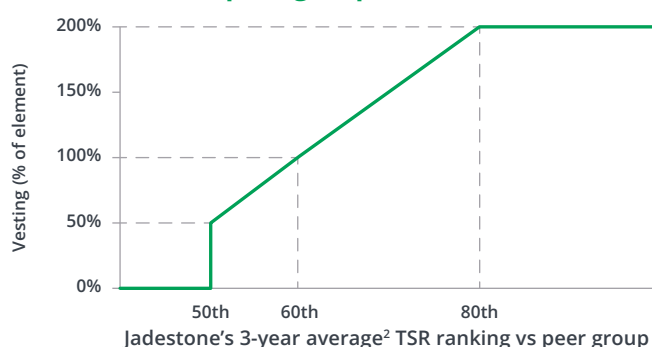
In early 2022, Mercer was commissioned to review Jadestone's relative and absolute TSR performance, in order to provide an interim assessment of the 2021 LTI award. As disclosed above, the performance conditions for the 2021 LTI award follow the same structure as the 2021 remuneration cycle and are based on both absolute TSR and relative TSR over the three year period 2020-2022.

### Parameters for the interim assessment of the 2021 LTIP award

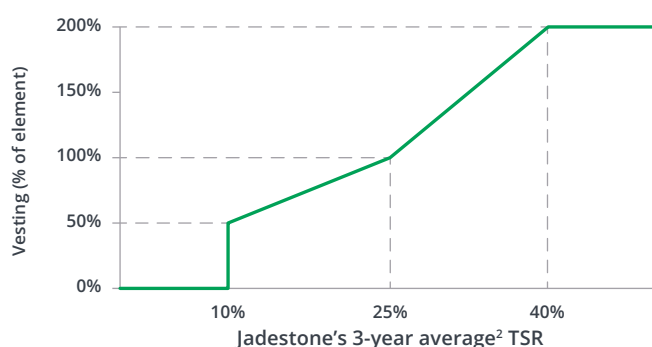
Full performance period	1 January 2020 to 31 December 2022
Performance testing date	31 December 2021
% of performance period elapsed	67%

The charts below illustrate the relationship between absolute and relative TSR and vesting outcome.

#### Relative TSR vs. peer group (70% of 2020 & 2021 awards)



#### Absolute TSR (30% of 2020 & 2021 awards)



<sup>1</sup> LTI is typically assessed and awarded by the Committee in March of the following remuneration year.

<sup>2</sup> 3-year average TSR is calculated as the average annual TSR over 3 years.

## Interim assessment: TSR calculation and outcome of the absolute performance measure

	Year 1 TSR (2020)	Year 2 TSR (2021)	Year 3 TSR	3-year average TSR	Absolute TSR outcome	Absolute TSR vesting outcome
Actual performance to 31 December	(16.1)%	57.5%	n/a	20.7%	Between threshold and target	85.7%

Jadestone's average TSR across the first two years of the performance period was 20.7%, equating to a 85.7% vesting for the absolute TSR element. To achieve target performance of 25% and a 100% vesting for the absolute TSR element, Jadestone would need to deliver an average 33.6% total shareholder return during 2022, the final year of the performance period.

Jadestone's average TSR of 20.7% across the first two years of the performance ranks seventh out of 13 companies, or the 50th percentile, which currently equates to 50% vesting for the relative TSR component.

## j Statement of the Board's shareholding interests

Directors are encouraged to acquire a meaningful shareholding interest in the Company; however the Company does not impose mandatory share ownership guidelines. The Committee believes the total rewards policy is appropriate to ensure alignment of interests between the Board and shareholders.

The number of shares held by Directors at 31 December 2021 are set out in the table below:

Company	TSR	Director	Shares owned outright	Interests in share incentive schemes, subject to performance conditions
Transglobe Energy	162.0%	<b>A. Paul Blakeley</b> Director, President and Chief Executive Officer	4,232,798	5,601,542
Gulf Keystone	53.0%	<b>Daniel Young</b> Director and CFO	1,179,579	Nil <sup>3</sup>
Serica Energy	49.0%	<b>Dennis McShane</b> Director and Chair	453,651	420,000
Senex Energy	31.0%	<b>Iain McLaren</b> Director	166,208	525,000
EnQuest	27.6%	<b>Robert Lambert</b> Director and Deputy Chair	153,919	425,000
Horizon Oil	25.4%	<b>David Neuhauser</b> Director	32,319,167 <sup>1</sup>	275,000
<b>Jadestone Energy</b>	<b>20.7%</b>	<b>Cedric Fontenit</b> Director	200,000 <sup>2</sup>	125,000
Energiean	4.8%	<b>Lisa Stewart</b> Director	Nil	125,000
Tullow Oil	3.7%			
Genel Energy	(4.1)%			
Pharos Energy	(12.6)%			
Cooper Energy	(29.2)%			
Harbour Energy	(36.3)%			

## Interim assessment outcome

Combining the outcomes of both the absolute and relative TSR measures with their respective weights would imply an overall 61% vesting for the first two years of the performance period.

	Vesting outcome	Weight
Absolute TSR element	85.7%	30%
Relative TSR element	50.0%	70%
<b>Overall result</b>	<b>60.7%</b>	

<sup>1</sup> Mr. Neuhauser does not own any ordinary shares of the Company directly, but as managing director of Livermore Partners LLC, exercises control or direction over the ordinary shares beneficially owned by Livermore Partners LLC.

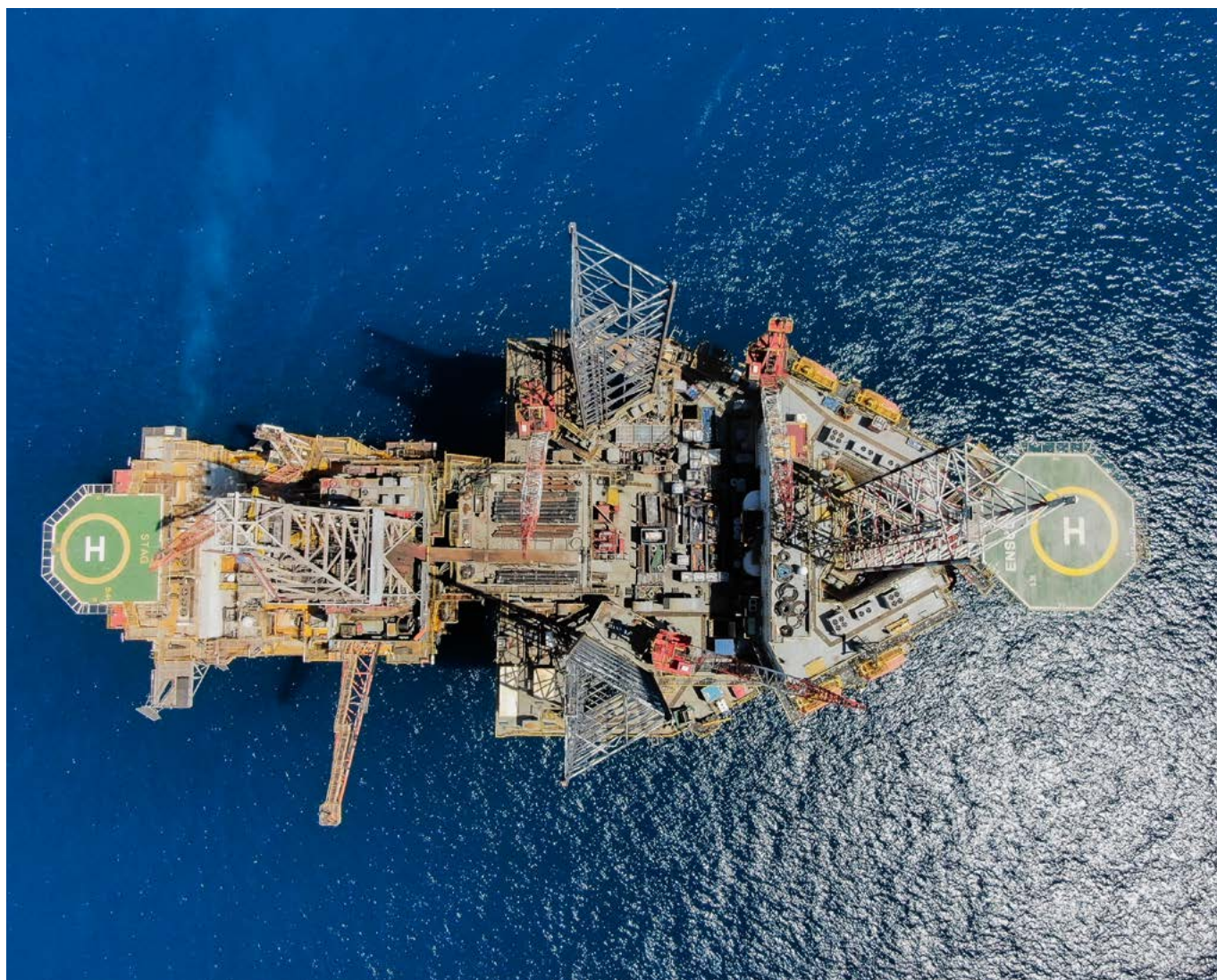
<sup>2</sup> Mr. Fontenit owns 200,000 ordinary shares of the Company directly. He also holds an indirect beneficial interest in the Company through 443,5565 units of a fund managed by Tyrus Capital S.A.M. (the "Fund") holding an interest in the ordinary shares of the Company. However, Mr. Fontenit does not exercise control or direction over the Fund's holding in the Company.

<sup>3</sup> Mr Young resigned from the Group in December 2021 and as a result of his leaver status, the share options and performance shares were forfeited.



## k KPIs enshrined into CEO's 2022 performance contract

Performance measure	Weighting	Key targets summary
Achieve 2022 operations targets	30%	<ul style="list-style-type: none"> <li>• Deliver plan production targets (20%)</li> <li>• Deliver plan capital programmes (5%)</li> <li>• Deliver work programmes with improved performance (5%)</li> </ul>
Deliver continuous improvement in ESG performance	25%	<ul style="list-style-type: none"> <li>• Maintain H&amp;S performance at top quartile (5%)</li> <li>• Maintain MSCI ESG rating at BBB but striving to progress to level "A" (5%)</li> <li>• Deliver environmental targets consistent with improving performance (5%)</li> <li>• Conduct GHG emission review reducing current Scope 1 &amp; 2 intensity</li> <li>• Announce a Net Zero emissions target and strategy to TCFD (5%)</li> <li>• Build a strong, diverse and sustainable organisation (2.5%)</li> <li>• Maintain top quartile governance standards (2.5%)</li> </ul>
Deliver per share accretive growth in Asia-Pacific	25%	<ul style="list-style-type: none"> <li>• Maintain delivery on strategic objectives (5%)</li> <li>• Complete one or more new acquisitions (value accretive on key metrics) (20%)</li> </ul>
Create sustainable shareholder value	20%	<ul style="list-style-type: none"> <li>• Improve market value and share price by 1.1.23 (12.5%)</li> <li>• Maintain sustainable funding &amp; leverage (2.5%)</li> <li>• Investor relations (5%)</li> </ul>





# Governance and Nomination Committee report

## Committee members and meeting attendance

In 2021 the Governance and Nomination Committee comprised:

- **Dennis McShane** (Committee Chair)
- **Cedric Fontenit**
- **Iain McLaren**
- **A. Paul Blakeley**

Meeting Attendance:

<b>Dennis McShane</b>	2 out of 2
<b>Cedric Fontenit</b>	2 out of 2
<b>Iain McLaren</b>	2 out of 2
<b>A. Paul Blakeley</b>	2 out of 2

Meetings:

4 March 2021 | 18 November 2021

## Role of the Committee

The Governance and Nomination Committee exercises general oversight with respect to the Group's corporate governance practices, to ensure the Board has a strong and responsible leadership together with a wide range of skills, knowledge and experience to support business success and generate long-term shareholder value. It also reviews the qualifications of, and recommends to the Board, proposed nominees for election to the Board, and appraises the framework for assessment of the Board performance and evaluation.

## Activities during the year

### March 2021:

- Considered results of the Board skills matrix – assessed the necessary skillsets on the Board compared to current Director skills and qualifications;
- Considered diversity and inclusivity objectives for the Board;
- Agreed on the process for the annual Board evaluation and measuring Board performance; and
- Reviewed executive and senior employee succession and talent management.

### November 2021:

- Agreed on search criteria for independent Non-Executive Director ("INED") recruitment;
- Agreed on 2022 Board evaluation process – to introduce a third-party independent evaluation to the annual process;
- Conducted first round interviews for INED candidate; and
- Reviewed and re-approved committee terms of reference.



## Letter from the Committee Chair

**Dear shareholder,**  
**It is my pleasure to present the Governance and Nomination Committee Report for the year ended 31 December 2021.**

The report summarises the objectives and responsibilities of the committee, the work carried out during the year, and plans for the coming year.

As was disclosed in the 2020 Annual Report, the Remuneration and Nomination Committee was split into separate committees for 2021, reflecting the pivot away from the Company's Canadian heritage and towards norms and practices more typical of a UK incorporated entity. Furthermore, at the end of 2021, the Board resolved to add oversight of the Group's corporate governance policies, practices and performance to the Nomination Committee's responsibilities, resulting in a renamed Governance and Nomination Committee.

### Principal responsibilities of the committee

- Oversee the Group's corporate governance practices, including regular reviews of Board mandates and committees, develop and review the Group's corporate governance policies, and assess and prepare an annual statement on the compliance of the Company with the QCA Code;
- Considering succession planning for directors and other senior executives, considering tenure on the Board, evolving challenges and opportunities facing the Group, and the skills and expertise required to manage these challenges and opportunities;
- Identifying and nominating candidates for appointment as directors, ensuring rigorous and transparent selection and appraisal procedures, with the ultimate appointment of directors made by the Board based on the recommendations of the committee;
- Monitoring the structure, size, and composition of the Board as a whole and the committees, making recommendations for changes as may be necessary to achieve an appropriate balance of experience, independence and diversity; and
- Commissioning a Board performance evaluation process annually, reviewing the results and making recommendations.

The terms of reference for the Governance and Nomination Committee are reviewed annually and aligned with the QCA guidelines.

### Governance

The Board Chair's Corporate Governance Statement and Compliance Statement to the QCA Code Principles can be found on pages 78 to 85.

### Board changes

The Company announced in December 2021 that Daniel Young, Chief Financial Officer (CFO) had decided to leave the Company at the end of April 2022. A thorough recruitment search is in the process of being undertaken to provide a comprehensive evaluation of candidate skills, technical and executive experience. Shortlisted candidates have been interviewed by Jadestone senior leadership and Board Directors.

Towards the end of 2021, it was agreed to recommend to the Board that an additional Non-Executive Director should be recruited to Jadestone's Board to complement the Board's existing experience, diversity, and skills. A recruitment process commenced in November 2021 with a particular focus on senior level Asia-Pacific executives with regional experience of Environmental, Social and Governance (ESG) practices. Jenifer Thien was subsequently appointed as independent Non-Executive Director of Jadestone on 7 April 2022.

### Diversity and inclusion

The Governance and Nomination Committee recognises the importance of building a diverse Board and is focused on continuing to increase diversity at both the Board and senior leadership level within Jadestone.

The Board remains diverse in terms of its culture, nationality, and international experience. The Board's core expertise covers upstream oil and gas, ESG, technical, operational, financial, governance and commercial. The Committee will continue to monitor and consider diversity for Board appointments.

The Board continues to support diversity across the organisation considering national origin, race ethnicity, gender and sexual orientation to maintain an inclusive workplace. All appointments are made based on merit, experience and performance, whilst actively seeking diversity of skills, gender, social and ethnic backgrounds. The Committee's oversight role includes ensuring that diversity and inclusion are integrated into Human Resources standards and recruitment processes.

The Committee maintains its current policy of embracing diversity in its broadest sense, including gender, ethnic and social diversity but without setting formal, measurable objectives.

## Succession planning

The Governance and Nomination Committee maintains a comprehensive succession plan for appointments to the Board ensuring there is an appropriate balance of skills and experience that aligns with its strategic aims. The Group's succession plan also includes contingency plans for the sudden or unexpected departure of Executive Directors and other senior roles.

Consequently, the Board has a detailed understanding of talent management and succession planning across the Group, as well as the plan to continually recognise and develop internal talent.

## Board and committee performance evaluation

The Board retains overall responsibility for the implementation of its annual performance evaluation. The 2021 evaluation process included a review of the Board's core skills and a Board self-assessment.

The outcome of this review reflected a broad range of skills in strategic and governance, financial controls and specific upstream E&P experience. It was recognised that there was a skills gap in the area of sustainability which continues to be a core area of focus for the Group. The Board believes that the appointment of Jenifer Thien to the Board in April 2022 has addressed this gap, given her experience in leading sustainability programs in major corporations, as well as her recent experience advising corporations on ESG.

In December 2021, the Board also undertook an individual self-assessment. The outcomes of this assessment reflected the Board operates effectively, focusing on the right level of issues, that the committees and the Board work effectively together as an integrated governance system to process the work required by the business and to address the risks that the business faces. It was recognised that there is a requirement to review the diversity of the Board, and to further focus on both succession planning and performance evaluation for the Board.

The Committee agreed that for calendar year 2022 and going forward, an independent third-party would be engaged to undertake an annual Board evaluation review. This review will incorporate the following:

- Board composition and dynamics;
- Board efficiency and effectiveness;
- Governance; and
- Futureproofing.

Socia UK (<https://www.socia.co.uk/>) has been engaged by Jadestone to support the 2022 independent Board evaluation. Its review will focus on:

- A comprehensive benchmark of the Board's performance against the principles of the QCA Code;
- Feedback that allows the Board to address any long-standing issues and/or areas for development with recommendations for action;
- Data to encourage improved collaboration across the Board – especially between Executives and Non-Executives;
- A plan of action to improve the contribution of the Board to the changing needs of the business;
- Individual feedback and ongoing support to assist with the implementation of any recommendations from the review; and
- A self-assessment tool for future internal Board reviews.

Yours sincerely,

**Dennis McShane**

Non-Executive Director and  
Chair of the Governance and Nomination Committee



# Health, Safety, Environment and Climate Committee report

## Committee members and meeting attendance

In 2021, the HSEC Committee comprised:

- **Robert Lambert** (Committee Chair)
- **Lisa Stewart**
- **A. Paul Blakeley**

Meeting Attendance:

<b>Robert Lambert</b>	3 out of 3
<b>Lisa Stewart</b>	3 out of 3
<b>A. Paul Blakeley</b>	3 out of 3

Meetings:

11 February 2021 | 19 May 2021 | 13 October 2021

## Role of the Committee

The Committee assists the Board in obtaining assurance that appropriate policies, controls and reporting systems are in place to effectively manage the health, safety, social, environmental and climate ("HSSEC") risks in relation to the Group's operations and ensure that the Group's activities are planned and executed in a safe and responsible manner. The Committee reports to the Board, which has ultimate responsibility for HSSEC matters, including those related to climate change. The Committee meets at least three times per year and otherwise as required.

## Responsibilities of the Committee include:

- formulating the Group's policies and systems for identifying and managing HSSEC risks within Jadestone's operations;
- evaluating the effectiveness of the Group's policies and systems for identifying and managing HSSEC risks within Jadestone operations;
- assessing the policies and systems within the Group for ensuring compliance with HSSEC regulatory requirements;
- assessing the performance of the Group with regard to the impact of HSSEC relations decisions, climate change, and actions upon employees, communities and other third parties. The Committee also assesses the impact of such decisions and actions on the reputation of the Group;
- on behalf of the Board, receiving reports from management concerning all serious safety-related incidents within the Group and actions taken by management as a result of such incidents;
- evaluating and overseeing, on behalf of the Board, the quality and integrity of any reporting to external stakeholders concerning HSSEC issues;
- ensuring that the Group maintains an appropriate level of engagement in industry HSSEC initiatives;
- reviewing and recommending changes to the HSSEC framework management system annually; and
- reviewing the results of independent audits of the Group's performance in regard to HSSEC matters, and any strategies and action plans developed by management in response to issues raised, and where appropriate making recommendations to the Board concerning the same.

\* Effective 15 December 2021, the name has changed from HSE Committee to HSEC Committee



## Letter from the Committee Chair

Dear shareholder,

**I am pleased to present the HSEC Committee Report for the year ended 31 December 2021.**

The Health, Safety, Environmental and Climate committee ("HSEC Committee") provides assurance to the Board on occupational health, safety, environmental and climate leadership. It is primarily focused on ensuring that the Group's policies related to HSSEC are adopted and applied across the Group, and the safety leadership of both management and the workforce is visible and impactful.

Effective 15 December 2021, the HSEC Committee's mandate was expanded to include sustainability and social responsibilities into its remit, and therefore the terms of reference of the HSEC Committee were amended and the committee's name changed to reflect the same. The Board believes that the expanded remit is important for the Group given the ever-increasing prominence of HSSEC issues, particularly climate change, on the corporate agenda and the need for the Board and senior management to devote sufficient time to considering these matters in detail. This report includes key performance of the HSEC Committee during the 2021 calendar year.

During 2021, the HSEC committee met three times to discuss matters pertaining to health, safety and environmental issues which, at times, were dominated by the continuing threat of COVID-19 within the workforce. The Group's management and workforce have operated within both challenging onshore and offshore environments over multiple jurisdictions. New processes were developed and deployed to minimise the risk of COVID-19 infection at all workforce sites. These actions, which included onshore staff working from home and reduced offshore crew sizes, were successful at minimising workplace transmission.

We continue to strengthen the review of key operations and enhanced safety control measures over both production facilities and drilling operations. These improvements were acknowledged within the inspection reports received over the year.

In addition, Jadestone has supported the recommendations of the Task Force on Climate-related Financial Disclosures since 2019. The TCFD aims to improve the disclosure of climate-related risks and opportunities and provide stakeholders with the necessary information to undertake robust and consistent analyses of the potential financial impacts of climate change. We recognise the value that the recommendations bring and continue to align and enhance our climate-related disclosures.

In summary, Jadestone remains committed to strong performance in safety management and high health, safety, social, environmental and climate standards.

Yours sincerely,

**Robert Lambert**

Non-Executive Director and  
Chair of the HSEC Committee

## Accomplishments over the course of 2021

- Achieved high performance in environmental management and reductions in discharges while improving monitoring activities;
- Continued to successfully monitor and support the Group's response to COVID-19 challenges in terms of workforce wellbeing and the safe management of operations;
- Evaluated HSSEC performance against industry standards;
- Assessed regulator feedback and monitored the implementation of recommendations to ensure that required actions are enacted, while also enabling the Board to reflect the latest regulatory views in their decisions;
- Reviewed major and reportable incidents and investigations, then followed up on lessons learned; and
- Reviewed the Group's sustainability and ESG related communications, including the composition and preparation for issuance of the Group's 2021 Sustainability Report.
- A review of measures completed to improve safety performance and respond to regulator directions, including the review and improvement of corrosion management under the safety management system.
  - In 2021, the Committee followed up on NOPSEMA's General Direction 801 related to the Stag marine breakaway coupling and General Direction 810 relating to corrosion management on the Montara facility. General Directions 801 and 810 were closed in February 2021 and November 2021 respectively.
  - Ensuring the benefits of such improvements and corrective actions/lessons learned are applied at other Group facilities.
- Assessment of Jadestone's overall sustainability performance and provided input to Jadestone's annual reporting and disclosures regarding sustainability.

## Key activities during the year

During 2021, the Committee met regularly to review and deliberate the Group's safe and responsible operations, measured against specific metrics, and compliance with regulatory requirements pertaining to health and safety, environmental protection and conservation activities.

The Committee also addressed several prioritised topics which included:

### Process safety

- A review of Jadestone's practices and performance relating to health, safety and environment, including the safe condition and responsible operations of Jadestone's assets, with a focus on both employees and contractors.
- A review of all major incidents that impacted, or had the potential to impact, Jadestone's safety and environmental performance.
  - The Committee, with input from senior management, reviewed the trends of workplace safety incidents (e.g. medical treatment cases, near misses) within the wider context of pandemic related restrictions and changes to work conditions.
  - Pandemic related risks to the workforce were also assessed, including increased stress from quarantine conditions and extended separation from home. It was noted that such increased stress was identified as a wider industry challenge and not limited to the Group. In fact, Australia's Work Safe Commissioner characterised Jadestone's approach to pandemic related restrictions as "best in class".
  - The Group engaged a physician to evaluate fatigue management practices and propose improvements.

## Climate risk

- Significantly enhanced Jadestone's climate reporting under the TCFD framework;
- Commissioned an independent climate scenario analysis; and
- Engaged with shareholders to understand how climate considerations are integrated into investment decisions.

The 2021 Sustainability Report details the Group's 2021 ESG performance, covering sustainability, environmental management, climate change and greenhouse emissions, occupational health and safety and critical incident risk management.

## Planned enhancements for 2022

- Development of a Net Zero decarbonisation plan, underpinning Jadestone's Net Zero by 2040 pledge for its operated assets;
- A continuing review of the Group's process safety and personal safety; and
- Evaluation of the Group's HSE performance against internal metrics, regulatory requirements and industry standards.







# Disclosure Committee report

## Committee members and meeting attendance

In 2021, the Disclosure Committee comprised:

- **Daniel Young** (Committee Chair)\*
- **A. Paul Blakeley**
- **Neil Prendergast**

\* Daniel Young stepped down as a director and the chair of the Disclosure Committee effective 29 April 2022.

Meeting Attendance:

<b>Daniel Young</b>	1 out of 1
<b>A. Paul Blakeley</b>	1 out of 1
<b>Neil Prendergast</b>	1 out of 1

Meeting: 8 December

## Role of the Committee

The Disclosure Committee assists the Board in fulfilling its responsibilities in respect of the Group's disclosure obligations arising under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") and the AIM Rules.

It also ensures the Group takes reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations in this regard, and it oversees the appropriateness of disclosures included in the Group's financial and non-financial reporting, which includes sustainability and climate-related disclosures.

## Letter from the Committee Chair

Dear shareholder,

**I am pleased to present the Disclosure Committee Report for the year ended 31 December 2021.**

### Key Matters Considered by the Disclosure Committee in 2021

The Disclosure Committee continued to monitor and review the Group's processes for continuous disclosure and reviewed the Group's related policies and procedures, with particular due regard to the changes arising from the April 2021 corporate reorganisation including the addition of Jadestone Energy plc as the new ultimate holding company of the Group.

Matters considered, among others, included:

- the procedures around filings for the issuance and the exercise of stock options, including disclosure of changes to total share capital issued;
- the process to ensure compliance with the timescale and obligations under the MAR / part B of the Company's Dealing Code;
- changes to the Annual Report and to the notice of AGM arising from the change to the ultimate holding company to a UK plc;
- the maintenance of insider lists;
- communication protocols around closed periods;
- case studies on the application of AIM rules specific to disclosure; and
- externally delivered training on identification and management of inside information.

The committee members also ensured that all relevant policies and procedures remained in compliance and up-to-date with MAR, and the AIM Rules.

### 2022 Priorities

- assess and manage the impacts to disclosure obligations and practices as a result of the Company ceasing to be a reporting issuer under Canadian legislation; and
- assess and advise on the controls and procedures related to the disclosure of ESG data.

Yours sincerely,

**A. Paul Blakeley**  
Executive Director and  
Acting Chair of the Disclosure Committee

# Consolidated and Company financial statements

For the year ended 31 December 2021

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# Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group's financial statements in accordance with International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006 and have elected to prepare the parent company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under Company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company's financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group's financial statements, IAS 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

**A. Paul Blakeley**

Director  
3 June 2022



# Independent Auditor's report

To the members of Jadestone Energy plc

## Report on the audit of the financial statements

### 1 OPINION

In our opinion:

- The financial statements of Jadestone Energy plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- The Group's financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- The parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

The Group financial statements:

- the consolidated statement of profit or loss and other comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows; and
- the related Notes 1 to 46, including a summary of significant accounting policies as set out in Note 3 to the financial statements.

The parent company financial statements:

- the company statement of financial position;
- the company statement of changes in equity;
- the related Notes 1 to 10, including a summary of significant accounting policies as set out in Note 3 to the financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company's financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### 2 BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3 SUMMARY OF OUR AUDIT APPROACH

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• Impairment assessment of oil and gas properties;</li> <li>• Impairment assessment of intangible exploration assets; and</li> <li>• Peninsular Malaysia acquisition.</li> </ul> <p>Within this report, key audit matters are identified as follows:</p> <p><b>NEW</b> Newly identified</p> <p>⧗ Increased level of risk</p> <p>⧘ Similar level of risk</p> <p>⧚ Decreased level of risk</p>
<b>Materiality</b>	<p>The materiality that we used for the Group financial statements was US\$4,441,000, which was determined by using 1% of the primary benchmark being the combined intangible exploration assets &amp; oil and gas properties. A secondary benchmark was considered being net assets to which a 3% factor was applied. It was concluded that the primary benchmark was appropriate.</p> <p>The materiality that we used for the parent company financial statements was US\$2,220,500, which was determined by using 1% of the selected benchmark being the net assets.</p>
<b>Scoping</b>	<p>We structured our approach to the audit to reflect how the Group is organised and including the revenue generating and asset holding components. The audit work was undertaken and performed by a group audit team based in Ireland and component teams based in Singapore, Australia, Malaysia and Vietnam.</p> <p>The audit work covered 23 components, of which seven were deemed significant components. These were subject to full scope audits with the remaining components subject to analytical procedures.</p>
<b>Significant changes in our approach</b>	<p>The Group successfully completed an internal reorganisation with this being the first year of audit of the newly reorganised group. This is the first year we have been appointed as auditors to the Group with the audit having previously been performed by Deloitte Singapore. We undertook a number of transitional procedures to prepare for the audit. Before we commenced our audit, we established our independence of the Group and held discussions with the previous Group's auditors to develop our understanding of the Group. Key audit matters considered by the Group's auditors in the prior year were broadly aligned with the items identified above.</p>

### 4 CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the relevant controls relating to the going concern assumption;
- Testing the clerical accuracy of the cash flow forecast model;
- Performing an assessment of the cash resources available;
- Completing an assessment of the consistency of the models used to prepare the forecasts in line with other areas of our audit, such as key inputs relating to future costs, production to other financial and operational information;
- Challenging management as to the reasonableness of commodity pricing assumptions applied, based on benchmarking to market data;
- Performing a look back analysis of the historical accuracy of forecasts prepared by management;
- Assessing the appropriateness of the sensitivity analysis prepared by management; and
- Assessing the adequacy of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## 5 KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 5.1. Impairment assessment of oil and gas properties **NEW**

<b>Key audit matter description</b>	<p>As at 31 December 2021, oil and gas properties had a carrying value of US\$353,592k which represents 48% of the Group's total assets. These assets relate to the Montara and Stag projects in Australia, and the recently acquired Peninsular Malaysia assets.</p> <p>The Directors performed an assessment of the internal and external factors of the oil and gas properties' carrying values to determine whether there is any indicator of impairment noting that no impairment indicators had been identified.</p> <p>The valuation of oil and gas properties is an area of significant estimation and judgement. The estimation of reserves and the future of viability of the oil fields will impact the carrying value of these properties and thus impairment has been identified as a risk for the Group.</p> <p>The assessment requires significant judgement and assumptions in respect to the estimated reserves. The Directors have also engaged an independent qualified reservoir engineer to validate the proved, probable and possible reserves for its oil and gas properties and the resulting future net cash flows arising from such.</p> <p>Refer to Note 22 to the financial statements.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>We obtained an understanding of relevant controls around accounting for producing assets in line with IFRS and the impairment process.</p> <p>We reviewed the internal and external factors set out in IAS 36 Impairment of Assets and used by the Directors to determine impairment indicators.</p> <p>We assessed the competence, capability and objectivity of the Directors' expert involved in the preparation of the reserve reports.</p> <p>We integrated an internal reservoir engineering and valuation specialist into our team to challenge the reserve reports prepared by management's expert relating to the Group's estimated oil reserves.</p> <p>We extended inquiries to individuals outside of the Directors and the accounting department to corroborate the Directors' ability and intent to carry out plans that are relevant to developing the estimate.</p> <p>We reviewed the financial statements to ensure all relevant disclosures were appropriately included in relation to oil and gas properties.</p>
<b>Key observations</b>	<p>We have no observations that impact on our audit in respect of impairment of oil and gas properties.</p>

## 5.2. Impairment assessment of intangible exploration assets **NEW**

<b>Key audit matter description</b>	<p>As at 31 December 2021, the Group recorded US\$93,241k of intangible exploration assets, which represents 13% of the Group's total assets. These assets relate to the Montara oil field in Australia, the Lemang oil field in Indonesia and two Vietnamese productions sharing contracts.</p> <p>The Directors performed an assessment of the internal and external factors of the intangible exploration assets' carrying values to determine whether there is any indicator of impairment noting that no impairment indicators had been identified.</p> <p>Extraction at the Vietnam and Indonesia sites is dependent on government approval and should approval not be granted these assets would be impaired. Moreover, the impact of climate change and the future of viability of the oil and gas fields may impact the carrying value of such assets and thus impairment has been identified as a risk.</p> <p>The assumptions applied by the Directors in the valuation of intangible assets are inherently judgemental as the projects are not at a stage where the outcome of the activities or forecasted cash flows can be predicted. The Directors performed an assessment of the technical feasibility and commercial viability of extracting a mineral resource and whether there is any adverse information that will affect the final investment decision to commercialise the asset. The Directors have also engaged an independent qualified reservoir engineer to estimate the gross contingent resources for all of the intangible exploration assets in previous years. Where the Directors have not obtained a revised reserve report, the Directors have assessed that given that these are exploration assets, there are no significant developments in the current year that will negatively impact contingent resources.</p> <p>Refer to Note 21 to the financial statements.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<ul style="list-style-type: none"> <li>• We obtained an understanding of relevant controls around accounting for intangible exploration assets in line with IFRS.</li> <li>• We reviewed the internal and external factors set out in IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i> and used by the Directors to determine impairment indicators.</li> <li>• We assessed the competence, capability and objectivity of the Directors' expert involved in the preparation of the reserve reports.</li> <li>• We assigned an internal reservoir engineering and valuation specialist to challenge the reserve reports prepared by the Directors' expert relating to the Group's estimated oil reserves and resources to determine whether they impact the recoverable amount. Where the Directors have not obtained a revised reserve report, the Directors have assessed that given that these are exploration assets, there are no significant developments in the current year that will negatively impact contingent resources.</li> <li>• We reviewed the Group's budget to evaluate whether the Directors have a budget and plan for the assets, including the funding options for future capital expenditure to be able to realise the future cash flows.</li> <li>• We performed a retrospective review of prior year's work budget and current year's actual activity to determine the reliability of the Directors' plan and budget for the purpose of assessing impairment indicators.</li> <li>• We extended inquiries to individuals outside of the Directors and the accounting department to corroborate the Directors' ability and intent to carry out plans that are relevant to developing the estimate.</li> <li>• We reviewed the financial statements to ensure all relevant disclosures were appropriately included in relation to intangible exploration assets.</li> </ul>
<b>Key observations</b>	<p>We have no observations that impact on our audit in respect of impairment of intangible exploration assets.</p>



### 5.3. Peninsular Malaysia acquisition **NEW**

<b>Key audit matter description</b>	<p>On 1 August 2021, the Group completed the acquisition of the Peninsular Malaysia assets through the acquisition of the SapuraOMV Upstream (PM) Inc. (renamed as Jadestone Energy (PM) Inc.) company with the fair value of consideration being US\$23,279k. The acquisition was accounted for as a business combination.</p> <p>There is a risk associated with the acquisition accounting in accordance with IFRS 3 <i>Business Combinations</i>, given the judgements around elements such as the fair value of contingent consideration, oil and gas properties and asset restoration obligations.</p> <p>For a business combination, the key assumptions that underlie the fair values of the producing assets include estimated reserves, oil prices (must reflect the conditions at the date of completion), and discount rates. There is also judgement involved in the determination of contingent consideration.</p> <p>Refer to Note 19 to the financial statements.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<ul style="list-style-type: none"> <li>• We assessed the design and determined implementation of the Group's controls around accounting for acquisitions in line with IFRS and determining the fair value of assets and liabilities acquired.</li> <li>• We reviewed the purchase agreement to identify key elements related to the acquisition and ensure they are appropriately reflected in the accounting treatment adopted.</li> <li>• We challenged the Directors' assessment of the acquisition including application of the concentration test set out in IFRS 3 to determine whether the transaction is a business combination or asset acquisition.</li> <li>• We challenged the identification and fair value of assets and liabilities acquired in a business combination, including identifiable intangible assets, through review of models with reference to relevant supporting documentation and relevant accounting standards including IFRS 3 and IAS 38 Intangible Assets. This includes assessing the fair value of the oil and gas properties acquired in line with the procedures noted in section 5.1 above.</li> <li>• We assessed the competence, capability and objectivity of the Directors' expert involved in the valuation of oil and gas properties and asset restoration obligations acquired.</li> <li>• We reviewed the measurement of consideration, including contingent consideration, and determination of what is part of the business combination.</li> <li>• We challenged the calculation of goodwill arising from the business combination with reference to the requirements of IFRS 3.</li> <li>• We assessed the financial statements to ensure all relevant disclosures were appropriately included in relation to the Peninsular Malaysia acquisition.</li> </ul>
<b>Key observations</b>	We have no observations that impact on our audit in respect of the Peninsular Malaysia acquisition.

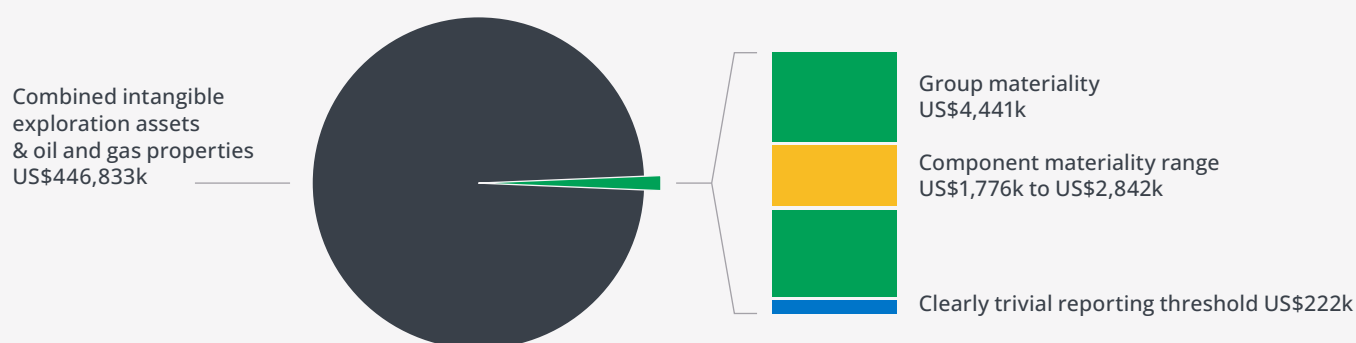
## 6 OUR APPLICATION OF MATERIALITY

### 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
<b>Materiality</b>	US\$4,441,000	US\$2,220,500
<b>Basis for determining materiality</b>	1% of combined intangible exploration assets & oil and gas properties (see details of secondary benchmark considered in section 1 above)	1% of net assets
<b>Rationale for the benchmark applied</b>	We believe that the benchmark set out above is appropriate because there is a direct correlation with the future economic performance of the Group. This benchmark also tends to be less volatile than other possible benchmarks.	We believe that the benchmark set out above is appropriate as it is stable and reflects the limited operations of the parent company given its purpose is to hold investments in subsidiaries.



### 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
<b>Performance materiality</b>	80% of Group materiality	80% of parent company materiality
<b>Basis and rationale for determining performance materiality</b>	<p>In determining the performance materiality, we considered a number of factors.</p> <p>The nature of the business has remained consistent with the prior year and with that the benchmarks selected have remained relatively stable in the current year when compared to the prior year. No new accounting issues that require significant judgement have been noted other than the acquisition and internal reorganisation.</p> <p>We have considered the previous experience with audit adjustments and management's willingness to correct errors and also the likelihood that misstatements from the prior period will recur in the current period.</p> <p>We have considered the experience and stability of the finance team as well as our understanding of the Group's control environment including entity-level controls and any turnover of key personnel.</p>	

### 6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of US\$222,050, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## 7 AN OVERVIEW OF THE SCOPE OF OUR AUDIT

### 7.1. Identification and scoping of components

We determined the scope of our group audit by obtaining an understanding of the Group and its environment and assessing the risks of material misstatement at the group level. The Group consists of 23 components with a presence in 10 jurisdictions.

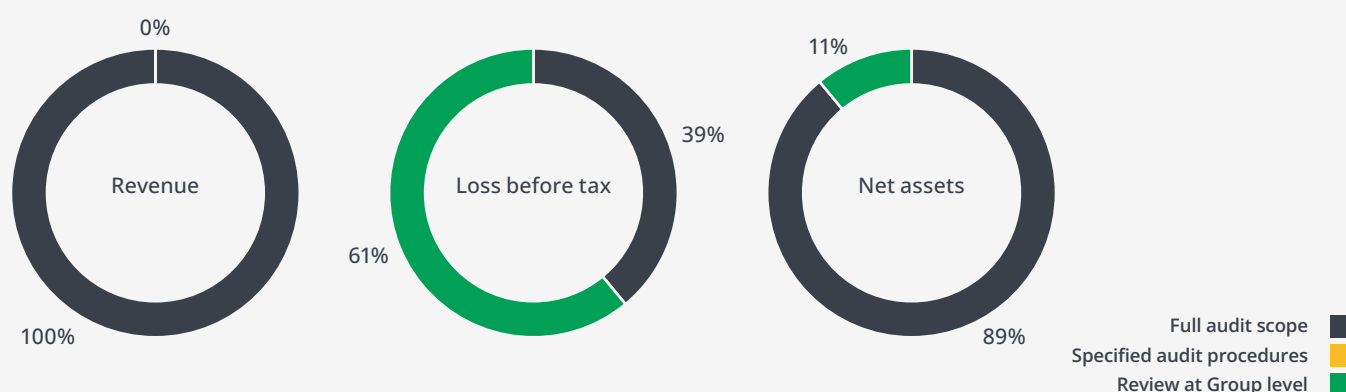
Seven components were deemed significant components and subject to full scope audits.

1. Jadestone Energy plc;
2. Jadestone Energy (Australia) Pty Ltd;
3. Jadestone Energy (Eagle) Pty Ltd;
4. Mitra Energy (Vietnam Nam Du) Ltd;
5. Mitra Energy (Vietnam Tho Chu) Ltd;
6. Jadestone Energy (Lemang) Pte Ltd; and
7. Jadestone Energy (PM) Inc.

These significant components were located in United Kingdom, Australia, Vietnam, Indonesia and Malaysia.

Significant components were subject to full audit of the component. This scope covered 100% of the Group revenue, 39% of the Group loss before tax and 89% of the Group net assets.

At the parent company entity level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.



### 7.2. Our consideration of the control environment

We have not relied upon the GITCs (General Information Technology Controls) as part of our audit.

Operating effectiveness testing was performed over controls in the revenue business cycle following assessment of design and determination of implementation. On the basis of the testing performed it was determined that the controls reliance could be relied upon for the year-end audit of the Group.

### 7.3. Our consideration of climate-related risks

The Group has set out their climate policy and Net Zero commitment in their sustainability review on pages 24 to 44. The Group have also identified climate change and resulting physical and transition risks as part of their principal risks and uncertainties in the strategic report on pages 57 to 63.

We considered whether the risks identified by management within their climate change risk assessment and related documentation were complete and challenged assumptions impacting the financial statements. The key market-related matter which could have a material impact on the valuation of the items noted above is in respect of future demand for, and pricing of, oil and gas as the energy mix evolves in response to climate change risk and other matters.

As part of our audit, we have obtained management's climate-related risk assessment and made inquiries of management to understand their process for considering the impact of climate-related risks. The Group reflected the impact of climate change on assumptions used in disclosing critical judgements and key estimates recorded in the financial statements in accordance with IFRS requirements by considering the impact of Paris compliant oil prices.

We have performed our own risk assessment of the potential impact of change on the Group and how it may impact critical judgements and key estimates included in the financial statements. The main climate-related implications considered as part of our audit relate to the impact of climate change on cash flow projections, underlying oil and gas properties, intangible exploration assets, deferred tax assets and asset retirement obligations. Future demand for, and pricing of, oil and gas as the energy mix evolves in response to climate change risk and other matters could have a material impact on the valuation of these items. The projections could also be materially impacted by changes in underlying assumptions including oil and gas prices, costs of carbon, decommissioning costs, future climate-related capital expenditure required to meet the Net Zero commitment and legislation in the locations in which the Group operates.

Our audit procedures were performed with the involvement of our sustainability and valuation specialists. We also challenged how the Directors considered climate change in their assessment of going concern.

We have also read the Group's disclosure of climate-related information in the front half of the Annual Report, including the sustainability review on pages 24 to 44.

### 7.4. Working with other auditors

Direction and supervision was provided to component auditors through a combination of:

- Issuance of group referral instructions;
- Upfront team briefings to all component teams;
- Centralisation of key areas of the audit;
- Discussions with internal reservoir engineering and valuation specialists;
- Regular progress calls;
- Virtual component visits; and
- Risk assessment discussions and detailed workpaper reviews.

## 8 OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## 9 RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.



## 10 AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We include an explanation in our report of the extent to which the audit was capable of detecting irregularities, including fraud.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that the use of the going concern basis of accounting is appropriate and no material uncertainties have been identified, we report these conclusions in our report. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e., gives a true and fair view).
- Where we are required to report on consolidated financial statements, obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. As Group auditors, we are responsible for the direction, supervision and performance of the group audit. As Group auditors, we remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

For listed entities and public interest entities, we also provide those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the FRC's Ethical Standard, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Where we are required to report on key audit matters, from the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For public interest entities, other listed entities, entities that are required, and those that choose voluntarily, to report on how they have applied the UK Corporate Governance Code, and other entities subject to the governance requirements of The Companies (Miscellaneous Reporting) Regulations 2018, we are required to include in our report an explanation of how we evaluated the Directors assessment of the entity's ability to continue as a going concern and, where relevant, key observations arising with respect to that evaluation.

## 11 EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

### 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- Results of our enquiries of the Directors and the audit committee about their own identification and assessment of the risks of irregularities;
- Any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- The matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including internal reserve engineer and valuation, climate and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in respect to revenue recognition and our three key audit matters:

- Impairment assessment of oil and gas properties;
- Impairment assessment of intangible exploration assets; and
- Peninsular Malaysia acquisition.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006, AIM Regulations and tax legislation in the jurisdictions in which the Group operates.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licences, health and safety legislation, anti-bribery legislation and environmental regulations in the locations in which the Group operates.

## 11.2. Audit response to risks identified

As a result of performing the above, we did not identify any additional key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of the Directors, the audit committee and in-house and external legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax authorities;
- In addressing the risk of impairment of oil and gas properties we have challenged the assumptions underlying the valuations and made enquiries outside the finance team;
- In addressing the risk of impairment of intangible exploration assets we have challenged the assumptions underlying the valuations and made enquiries outside the finance team;
- In addressing the risk of in respect to the Peninsular Malaysia acquisition we have challenged the fair value of the assets and liabilities recognised as part of the acquisition;
- In addressing the risk of fraud in revenue recognition we have tested a sample of revenue transactions to ensure appropriate application of the revenue recognition requirements and that valid sales transactions have occurred; and
- In addressing the risk of fraud through the management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## Report on other legal and regulatory requirements

### 12 OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

### 13 MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

#### 13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company's financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

#### 13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

### 14 USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Cathal Treacy (Senior statutory auditor)**

**For and on behalf of Deloitte Ireland LLP**

Chartered Accountants and Statutory Auditor

Deloitte & Touche House, Charlotte Quay, Limerick, Ireland

3 June 2022



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## for the year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
Revenue	5	340,194	217,938
Production costs	6	(206,523)	(105,338)
Depletion, depreciation and amortisation	7	(80,215)	(84,642)
Administrative staff costs	8	(25,068)	(21,903)
Other expenses	11	(26,181)	(26,918)
Impairment of assets	13	-	(50,455)
Other income	14	7,682	26,376
Finance costs	15	(9,075)	(12,655)
Other financial gains	16	266	359
<b>Profit/(Loss) before tax</b>		<b>1,080</b>	<b>(57,238)</b>
Income tax expense	17	(14,822)	(2,940)
<b>Loss for the year</b>		<b>(13,742)</b>	<b>(60,178)</b>
<b>Loss per ordinary share</b>			
Basic and diluted (US\$)	18	(0.03)	(0.13)
<b>Consolidated statement of comprehensive income</b>			
Loss for the year		(13,742)	(60,178)
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Gain on unrealised cash flow hedges	33	-	26,093
Hedging gain reclassified to profit or loss	33	-	(31,364)
		-	(5,271)
Tax income relating to components of other comprehensive income	17	-	1,583
Other comprehensive income		-	(3,688)
<b>Total comprehensive income for the year</b>		<b>(13,742)</b>	<b>(63,866)</b>

All comprehensive income is attributable to the equity holders of the parent.

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **(Company Registration Number: 13152520)** **as at 31 December 2021**

	Notes	2021 USD'000	2020 USD'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible exploration assets	21	93,241	100,670
Oil and gas properties	22	353,592	317,676
Plant and equipment	23	8,963	1,652
Right-of-use assets	24	13,852	23,673
Other receivables and prepayment	28	48,500	4,404
Deferred tax assets	26	25,278	19,727
<b>Total non-current assets</b>		<b>543,426</b>	<b>467,802</b>
<b>Current assets</b>			
Inventories	27	23,299	45,361
Trade and other receivables	28	37,951	7,110
Tax recoverable		9,367	-
Restricted cash	29	-	8,445
Cash and cash equivalents	29	117,865	80,996
<b>Total current assets</b>		<b>188,482</b>	<b>141,912</b>
<b>Total assets</b>		<b>731,908</b>	<b>609,714</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	30	559	466,979
Merger reserve	32	146,270	-
Share-based payments reserve	34	25,936	24,985
Accumulated losses		(31,692)	(331,322)
<b>Total equity</b>		<b>141,073</b>	<b>160,642</b>
<b>Non-current liabilities</b>			
Provisions	35	410,697	288,224
Lease liabilities	36	4,504	13,305
Tax liabilities		-	26,896
Deferred tax liabilities	26	67,097	58,229
<b>Total non-current liabilities</b>		<b>482,298</b>	<b>386,654</b>
<b>Current liabilities</b>			
Borrowings	37	-	7,296
Lease liabilities	36	11,161	12,478
Trade and other payables	39	69,090	32,192
Provisions	35	1,947	4,558
Derivative financial instruments	40	-	471
Tax liabilities		26,339	5,423
<b>Total current liabilities</b>		<b>108,537</b>	<b>62,418</b>
<b>Total liabilities</b>		<b>590,835</b>	<b>449,072</b>
<b>Total equity and liabilities</b>		<b>731,908</b>	<b>609,714</b>

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2022. They were signed on its behalf by:

**A. Paul Blakeley**  
Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### for the year ended 31 December 2021

	Share capital USD'000	Merger reserve USD'000	Share-based payments reserve USD'000	Hedging reserves USD'000	Accumulated losses USD'000	Total USD'000
<b>As at 1 January 2020</b>	466,573	-	23,857	3,688	(268,651)	225,467
Loss for the year	-	-	-	-	(60,178)	(60,178)
Other comprehensive income for the year	-	-	-	(3,688)	-	(3,688)
<b>Total comprehensive income for the year</b>	-	-	-	(3,688)	(60,178)	(63,866)
Dividend paid (Note 31)	-	-	-	-	(2,493)	(2,493)
Share-based compensation (Note 8)	-	-	1,128	-	-	1,128
Shares issued (Note 30)	406	-	-	-	-	406
<b>Total transactions with owners, recognised directly in equity</b>	<b>406</b>	<b>-</b>	<b>1,128</b>	<b>-</b>	<b>(2,493)</b>	<b>(959)</b>
<b>As at 31 December 2020</b>	<b>466,979</b>	<b>-</b>	<b>24,985</b>	<b>-</b>	<b>(331,322)</b>	<b>160,642</b>
Loss for the year, representing total comprehensive income for the year	-	-	-	-	(13,742)	(13,742)
Capital reduction (Note 30)	(467,387)	146,270	-	-	321,117	-
Dividend paid (Note 31)	-	-	-	-	(7,745)	(7,745)
Share-based compensation (Note 8)	-	-	951	-	-	951
Shares issued (Note 30)	967	-	-	-	-	967
<b>Total transactions with owners, recognised directly in equity</b>	<b>(466,420)</b>	<b>146,270</b>	<b>951</b>	<b>-</b>	<b>313,372</b>	<b>(5,827)</b>
<b>As at 31 December 2021</b>	<b>559</b>	<b>146,270</b>	<b>25,936</b>	<b>-</b>	<b>(31,692)</b>	<b>141,073</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
<b>Operating activities</b>			
Profit/(Loss) before tax		1,080	(57,238)
Adjustments for:			
Depletion, depreciation and amortisation	7	69,024	68,414
Depreciation of right-of-use assets	7	11,191	16,228
Other finance costs	15	8,487	10,289
Assets written off	11	5,332	173
Allowance for slow moving inventories	11	2,624	143
Unrealised foreign exchange (gain)/loss	11 / 14	(1,838)	1,495
Share-based payments	8	951	1,128
(Reversal of)/Fair value loss on oil derivatives	11	(471)	471
Change in fair value of contingent payments	15 / 16	438	(359)
Accretion income on non-current VAT receivables	16	(266)	-
Interest expense	15	150	2,366
Interest income	14	(80)	(257)
Impairment of intangible exploration assets	13	-	50,455
Loss on ineffective hedge recycled to profit or loss	11	-	4
Change in Stag FSO provision	14	-	(5,047)
Gain from termination of right-of-use asset	14	-	(1,382)
<b>Operating cash flows before movements in working capital</b>		<b>96,622</b>	<b>86,883</b>
(Increase)/Decrease in trade and other receivables		(11,975)	35,560
Decrease/(Increase) in inventories		9,152	(14,071)
Increase in trade and other payables		21,631	3,736
<b>Cash generated from operations</b>		<b>115,430</b>	<b>112,108</b>
Interest paid		(1,505)	(1,542)
Tax refunded		3,652	-
Tax paid		(15,486)	(25,969)
<b>Net cash generated from operating activities</b>		<b>102,091</b>	<b>84,597</b>
<b>Investing activities</b>			
Cash received from acquisition of Peninsular Malaysia assets	19	29,252	-
Cash paid for acquisition of Peninsular Malaysia assets	19	(20,033)	-
Net cash outflows on acquisition of Lemang PSC	20	-	(11,959)
Payment for oil and gas properties	22	(51,380)	(4,732)
Payment for plant and equipment	23	(682)	(473)
Payment for intangible exploration assets	21	(3,858)	(14,253)
Transfer from debt service reserve account	29	8,445	5,040
Interest received	14	80	257
<b>Net cash used in investing activities</b>		<b>(38,176)</b>	<b>(26,120)</b>
<b>Financing activities</b>			
Proceeds from issuance of shares	30	967	406
(Placement)/Release of deposit for bank guarantee	29	-	10,000
Dividend paid	31	(7,745)	(2,493)
Repayment of borrowings	38	(7,296)	(42,766)
Repayment of lease liabilities	38	(12,972)	(18,562)
<b>Net cash used in financing activities</b>		<b>(27,046)</b>	<b>(53,415)</b>
<b>Net increase in cash and cash equivalents</b>		<b>36,869</b>	<b>5,062</b>
Cash and cash equivalents at beginning of the year		80,996	75,934
<b>Cash and cash equivalents at end of the year</b>	29	<b>117,865</b>	<b>80,996</b>



# SIGNIFICANT ACCOUNTING POLICIES AND EXPLANATION NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

## 1 CORPORATE INFORMATION

Jadestone Energy plc (the "Company" or "Jadestone") is an oil and gas company incorporated in the United Kingdom and registered in England and Wales. The Company was incorporated on 22 January 2021, company registration number 13152520. The Company became the ultimate parent company of the Group on completion of an internal reorganisation (Note 2) on 23 April 2021. Prior to the internal reorganisation, Jadestone Energy Inc., an oil and gas company incorporated in Canada, had been the ultimate parent company of all Jadestone subsidiaries (the "Group"). These consolidated financial statements have been prepared for the Jadestone Energy Group and reflect the full financial year ended 31 December 2021 in respect of the ultimate parent company in accordance with IFRS, (see Note 3).

The Company's shares are traded on AIM under the symbol "JSE".

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

The Group is engaged in production, development, exploration and appraisal activities in Australia, Malaysia, Vietnam and Indonesia. The Group's producing assets are in the Vulcan (Montara) and Carnarvon (Stag) basins, located in shallow water offshore of Western Australia, and in the East Piatu, East Belumut, West Belumut and Chermingat fields, located in shallow water in offshore Peninsular Malaysia.

The Company's head office is located at 3 Anson Road, #13-01 Springleaf Tower, Singapore 079909. The registered office of the Company is Suite 1, 3rd Floor, 11 - 12 St James's Square, London SW1Y 4LB.

## 2 SIGNIFICANT EVENTS DURING THE YEAR

### Internal reorganisation

The Company completed an internal reorganisation on 23 April 2021, with Jadestone Energy plc becoming the ultimate holding company of the Jadestone group of companies. The shares of Jadestone Energy Inc., the former ultimate holding company, were replaced on a one-for-one basis with shares of Jadestone Energy plc. Following the completion of the internal reorganisation, the shares of Jadestone Energy plc were admitted to AIM for trading on 26 April 2021 (shares of Jadestone Energy Inc. ceased trading on 23 April 2021).

The internal reorganisation did not result in a change in control in the ultimate holding company nor the ultimate shareholding or management of any Jadestone group company.

The reorganisation was undertaken for several reasons. It is expected to reduce regulatory compliance burdens and raise the Company's profile and status amongst UK and European investors who are unable to invest in non-UK domiciled companies. It is also expected to facilitate incremental access to equity from international capital markets, and to allow Jadestone to further optimise its tax structure.

### Acquisition of SapuraOMV Peninsular Malaysia assets

On 30 April 2021, the Group executed a sale and purchase agreement with SapuraOMV Upstream Sdn Bhd ("SapuraOMV") to acquire SapuraOMV's Peninsular Malaysia assets (the "PenMal Assets"), for a total cash consideration of US\$20.0 million, which included a headline price of US\$9.0 million plus further working capital adjustments of US\$11.0 million. There are two separate potential contingent payments which occur if the average Dated Brent is above US\$65/bbl in 2021 and above US\$70/bbl in 2022. The Group paid the first contingent payment of US\$3.0 million in January 2022. The acquisition completed on 1 August 2021, following the satisfaction of all conditions precedent to closing the acquisition.

The economic effective date of the acquisition was 1 January 2021, meaning the Group is entitled to all net cash generated from the PenMal Assets from 1 January 2021 to 31 July 2021, resulting in a net cash receipt at closing of US\$9.2 million.

The PenMal Assets comprise four licences, two of which are operated by the Group, a 70% operated interest in the PM329 PSC, containing the East Piatu field, and a 60% operated interest in the PM323 PSC, which contains the East Belumut, West Belumut and Chermingat fields. The other two licences comprise 50% non-operated working interests in the PM318 and Abu, Abu Kecil, Bubu, North Lukut, and Penara oilfields ("AAKBNLP") PSCs.

### Oil price commodity contracts

On 16 February 2021, the Group entered into commodity swap contracts to hedge 31% of its planned production volumes from April to June 2021, to provide downside oil price protection in the lead-up period to the Group's 2021 offshore Australia capital programme. The average swap price, referenced to Dated Brent, was set at US\$61.40/bbl.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in conformity with the requirements of the Companies Act 2006 (the "Act").

The financial statements have been prepared on the historical cost convention basis, except as disclosed in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories*, or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value adjustments are categorised into level 1, 2 or 3, based on the degree to which the inputs to the fair value adjustments are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### Common control transaction

As disclosed in Note 2, the Company has completed an internal reorganisation, with the shares of Jadestone Energy Inc. having been replaced on a one-for-one basis with shares of Jadestone Energy plc. Accordingly, the shares of Jadestone Energy plc were admitted to AIM for trading on 26 April 2021. There is no change in control in the ultimate holding company of the Group, nor the ultimate shareholding or management of any Jadestone group company, arising from the completion of the internal reorganisation.

IFRS 3 *Business Combinations* does not prescribe the presentation and disclosure requirements under a common control transaction. The Group has chosen to issue these consolidated financial statements under the name of Jadestone Energy plc, as if they are a continuation of the financial statements of Jadestone Energy Inc. and Jadestone Energy plc had been in existence throughout the reported financial year.

The following have been reflected in these consolidated financial statements in relation to the common control transaction:

- a) The asset and liabilities of Jadestone Energy plc and Jadestone Energy Inc. ("JEI") group have been recognised at their book values immediately prior to the internal reorganisation;
- b) The pre-internal reorganisation accumulated losses recognised in these consolidated financial statements are those of JEI Group;
- c) The amount recognised as issued equity instruments in these consolidated financial statements is the issued and paid-up share capital of JEI immediately before the internal reorganisation. The comparative share capital is that of the Company as if the Company headed the Group for the comparative period;
- d) The equity structure appearing in these consolidated financial statements (i.e., the number and type of equity instruments issued) reflects the equity structure of the Company;
- e) A merger reserve account was created to account the difference between the carrying value and the nominal value of the shares of the Company; and
- f) The comparative information presented in these consolidated financial statements is that of JEI Group with the exception of the composition of the equity items which reflect that of the Company as if the Company had existed for the comparative period.

## Going concern

The Directors are required to consider the availability of resources to meet the Group's liabilities for the foreseeable future.

As at 31 December 2021, the Group has a total cash and cash equivalents of US\$117.9 million, and the Group managed to keep the cash levels within the range of US\$90.0 to US\$105.0 million between January to April 2022, after the settlements of trade related expenditure and US\$3.0 million contingent payment paid to SapuraOMV arising from the acquisition of PenMal Assets (Notes 19 and 38). The average Dated Brent crude prices for the first four months in 2022 was US\$102.73/bbl, hence the Group was able to generate material cash inflows from the liftings in Australia and Malaysia from the beginning of 2022 up to date.

The Group regularly monitors its cash, funding and liquidity position. Near term cash projections are revised and underlying assumptions reviewed, generally monthly, and longer-term projections are also updated regularly. Downside price and other risk scenarios are considered, such as potential delay in the development of Lemang asset, unfavourable foreign exchanges and higher than expected inflation rates. In addition to commodity sales prices, the Group is also potentially exposed to potential production interruptions such as weather downtime and planned and unplanned shutdowns for workovers and repair and maintenance activities. All these factors have been considered in the Group's near and longer term cash projections. For the purposes of the Group's going concern assessment, we have reviewed cash projections for the period from 1 April 2022 to 30 June 2023, the 'going concern period'.

The Group is debt-free, following the final repayment of its Australian reserve based lending facility in Q1 2021. All of its operational and capital commitments (Note 43) can be funded from the existing cash resources.

Having taken into consideration the above factors, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period. Accordingly, they adopted the going concern basis in preparing these financial statements.

## Adoption of new and revised standards

### New and amended IFRS standards that are effective for the current year

In the current year, the Group adopted the following amendment that is effective from the beginning of the year and is relevant to its operations. The adoption of this amendment has not resulted in changes to the Group's accounting policies.

Amendments to IFRS 16

COVID-19-Related Rent Concessions Beyond 30 June 2021

### New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following amendments to IFRS standards relevant to the Group that have been issued but are not yet effective:

Amendments to IAS 1 <sup>1</sup>	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and Practice Statement 2 <sup>1</sup>	Making Materiality Judgements – Disclosure of Accounting Policies
Amendments to IAS 8 <sup>1</sup>	Definition of Accounting Estimates
Amendments to IAS 12 <sup>1</sup>	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
Amendments to IFRS 16 <sup>2</sup>	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IFRS 37 <sup>2</sup>	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3 <sup>2</sup>	Reference to Conceptual Framework
Amendments to IFRSs <sup>2</sup>	Annual Improvements to IFRS Standards 2018 – 2020

The Group is currently performing an assessment of the impact of these amendments but does not expect a material impact on the financial statements of the Group in future periods.

<sup>1</sup> Effective from 1 January 2023.

<sup>2</sup> Effective from 1 January 2022.

## **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries made up to 31 December of each year. Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## **Business combinations**

Acquisitions of businesses, including joint operations which are assessed to be businesses, are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Company to the former owners of the acquiree, and equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree, or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer, in accordance with the method in IFRS 2 *Share-based Payment* at the acquisition date; and
- Assets, or disposal groups, that are classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration, that do not qualify as measurement period adjustments, depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as at that date.



The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year from acquisition date.

Where an interest in a production sharing contract ("PSC") is acquired by way of a corporate acquisition, the interest in the PSC is treated as an asset purchase unless the acquisition of the corporate vehicle meets the definition of a business and the requirements to be treated as a business combination.

### Accounting for transaction that is not a business combination

When a transaction or other event does not meet the definition of a business combination due to the asset or group of assets not meeting the definition of a business, it is termed an 'asset acquisition'. In such circumstances, the acquirer:

- Identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38) and liabilities assumed; and
- Allocates the cost of acquiring the group of assets and liabilities to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Such a transaction or event does not give rise to goodwill or a gain on a bargain purchase.

Transaction costs in an asset acquisition are generally capitalised as part of the cost of the assets acquired in accordance with applicable standards.

### Foreign currency transactions

The Group's consolidated financial statements are presented in USD, which is the parent's functional currency and presentation currency. The functional currencies of subsidiaries are determined based on the economic environment in which they operate.

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income. There is no foreign currency translation reserve created at the Group level as the functional currencies of all subsidiaries are denominated in USD.

### Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS standards applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Changes to the Group's interest in PSCs usually require the approval of the appropriate regulatory authority. A change in interest is recognised when:

- Approval is considered highly likely; and
- All affected parties are effectively operating under the revised arrangement.

Where this is not the case, no change in interest is recognised and any funds received or paid are included in the statement of financial position as contractual deposits.

### **Pre-licence award costs**

Costs incurred prior to the effective award of oil and gas licences, concessions and other exploration rights, are expensed in profit or loss.

### **Exploration and evaluation costs**

The costs of exploring for and evaluating oil and gas properties, including the costs of acquiring rights to explore, geological and geophysical studies, exploratory drilling and directly related overheads such as directly attributable employee remuneration, materials, fuel used, rig costs and payments made to contractors are capitalised and classified as intangible exploration assets ("E&E assets").

If no potentially commercial hydrocarbons are discovered, the E&E assets are written off through profit or loss as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as intangible exploration costs, while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons.

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as E&E assets.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at the end of each reporting period. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When such intent no longer exists, or if there is a change in circumstances signifying an adverse change in initial judgment, the costs are written off.

When commercial reserves of hydrocarbons are determined and development is approved by management, the relevant expenditure is transferred to oil and gas properties. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proved or probable reserves are determined to exist. The determination of proved or probable reserves is dependent on reserve evaluations which are subject to significant judgments and estimates.

Costs related to geological and geophysical studies that relate to blocks that have not yet been acquired, and costs related to blocks for which no commercially viable hydrocarbons are expected, are taken direct to the profit or loss and have been disclosed as exploration expenses.

## **Oil and gas properties**

### **Producing assets**

The Group recognises oil and gas properties at cost less accumulated depletion, depreciation and impairment losses. Directly attributable costs incurred for the drilling of development wells and for the construction of production facilities are capitalised, together with the discounted value of estimated future costs of decommissioning obligations. Workover expenses are recognised in profit or loss in the period in which they are incurred, unless it generates additional reserves or prolongs the economic life of the well, in which case it is capitalised. When components of oil and gas properties are replaced, disposed of, or no longer in use, they are derecognised.

### **Depletion and amortisation expense**

Depletion of oil and gas properties is calculated using the units of production method for an asset or group of assets, from the date in which they are available for use. The costs of those assets are depleted based on proved and probable reserves.

Costs subject to depletion include expenditures to date, together with approved estimated future expenditure to be incurred in developing proved and probable reserves. Costs of major development projects are excluded from the costs subject to depletion until they are available for use.

The impact of changes in estimated reserves is dealt with prospectively by depleting the remaining carrying value of the asset over the remaining expected future production. If reserves estimates are revised downwards, earnings could be affected by higher depletion expense, or an immediate write-down of the property's carrying value.

Depletion amount calculated based on production during the year is adjusted based on the net movement of crude inventories at year end against beginning of the year, i.e., depletion cost for crudes produced but not lifted are capitalised as part of cost of inventories and recognised as depletion expense when lifting occurs.

## Asset restoration obligations

The Group estimates the future removal and restoration costs of oil and gas production facilities, wells, pipelines and related assets at the time of installation or acquisition of the assets, and based on prevailing legal requirements and industry practice. In most instances, the removal of these assets will occur many years in the future. The estimates of future removal costs are made considering relevant legislation and industry practice and require management to make judgments regarding the removal date, the extent of restoration activities required, and future removal technologies.

Site restoration costs are capitalised within the cost of the associated assets, and the provision is stated in the statement of financial position at its total estimated present value. These costs are based on judgements and assumptions regarding removal dates, technologies, and industry practice. This estimate is evaluated on a periodic basis and any adjustment to the estimate is applied prospectively. Changes in the estimated liability resulting from revisions to estimated timing, amount of cash flows, or changes in the discount rate are recognised as a change in the asset restoration liability and related capitalised asset restoration cost within oil and gas properties.

The Malaysian and Indonesian regulators require upstream oil and gas companies to contribute to an abandonment cess fund, including making periodic cess payments, throughout the production life of the oil or gas field. The cess payment amount is assessed based on the estimated future decommissioning expenditures. For operated licences, the cess payment paid is classified as non-current receivables as the cess payment paid is reclaimable by the Group in the future following the commencement of decommissioning activities. For non-operated licences, the cess payment paid reduces the asset restoration liability.

The change in the net present value of future obligations, due to the passage of time, is expensed as an accretion expense within financing charges. Actual restoration obligations settled during the period reduce the decommissioning liability.

Capitalised asset restoration costs are depleted using the units of production method (see above accounting policy).

## Borrowing Costs

Borrowing costs are allocated to periods over the term of the related debt, at a constant rate on the carrying amount. Borrowings, as shown on the consolidated statement of financial position, are net of arrangement fees and issue costs, and the borrowing costs are amortised through to the statement of profit or loss and other comprehensive income as finance costs over the term of the debt.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

## Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

The government grants received in 2020 related to the Australian Government's JobKeeper Scheme, as part of the Australian Government initiative to provide immediate financial support as a result of the COVID-19 pandemic, and applied to certain of the Group's Australian offshore and onshore personnel. There are no future related costs in respect of these grants, which were received solely as compensation for costs incurred during the year. There are no unfulfilled conditions or other contingencies in relation to the grants.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants are presented on a net basis in profit or loss, where grant income is offset against the related costs, in either "production costs" (Note 6) or "administrative staff costs" (Note 8).

## **Plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets evenly over their estimated useful lives, on the following:

- Computer equipment: 3 years; and
- Fixtures and equipment: 3 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Materials and spares which are expected not to be consumed within the next twelve months from the year end are classified as plant and equipment.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If the ownership of the underlying asset in a lease is transferred, or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## **Impairment of oil and gas properties, plant and equipment, right-of-use assets and intangible assets excluding goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its oil and gas properties, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The impairment is determined on each individual cash-generating unit basis (i.e., individual oil or gas field). Where there is common infrastructure that is not possible to measure the cash flows separately for each oil or gas field, then based on the aggregate of the relevant oil or gas fields. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use, are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. FVLCD will be assessed on a discounted cash flow basis where there is no readily available market price for the asset or where there are no recent market transactions. Assumptions relating to forecast capital expenditures that enhance the productive capacity can be included in the discounted cash flows model, but only to the extent that a typical market participant would take a consistent view. The post-tax discounted cash flows are compared against the carrying amount of the asset on an after-tax basis; that is, after deducting deferred tax liabilities relating to the asset or group of assets.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined as follows:

- Petroleum products, comprising primarily of extracted crude oil stored in tanks, pipeline systems and aboard vessels, and natural gas, are valued using weighted average costing, inclusive of depletion expense; and
- Materials, which include drilling and maintenance stocks, are valued at the weighted average cost of acquisition.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Group uses its judgement to determine which costs are necessary to make the sale considering its specific facts and circumstances, including the nature of the inventories. If the carrying value exceeds net realisable value, a write-down is recognised. The write-down may be reversed in a subsequent period if the inventory is still on hand, but the circumstances which caused the write-down no longer to exist.



Provision for slow moving materials and spares are recognised in the “other expenses” (Note 11) line item in profit or loss as they are non-trade in nature.

## Financial Instruments

Financial assets and financial liabilities are recognised in the Group’s consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through the profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in profit or loss.

### Financial assets

All financial assets are recognised and derecognised on a trade date basis, where the purchases or sales of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are measured subsequently in their entirety, at either amortised cost or fair value, depending on the classification of the financial assets.

#### *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”).

#### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at fair value through other comprehensive income. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in “other income” (Note 14) line item.

### **Impairment of financial assets**

The Group's financial assets that are subject to the expected credit loss model comprise trade and other receivables. While cash and bank balances are also subject to the impairment requirements of IFRS 9 *Financial Instruments*, the expected credit loss allowances are not expected to be significant.

The Group's trade and other receivables are primarily with counterparties to oil and gas sales, joint arrangement partners and non-trade related parties.

The concentration of credit risk relates to the Group's single customer with respect to oil sales in Australia, and a different single customer for oil and gas sales in Malaysia. Both customers have an A2 credit rating (Moody's). All trade receivables are generally settled 30 days after the sale date. In the event that an invoice is issued on a provisional basis then the final reconciliation is paid within three days of the issuance of the final invoice, largely mitigating any credit risk.

The Group recognises lifetime expected credit loss ("ECL") for trade receivables. The expected credit losses on these financial assets are estimated based on days past due, applying expected non-recoveries for each group of receivables.

The Group measures the loss allowance for other receivables and amounts due from joint arrangement partners at an amount equal to 12 months ECL, as there is no significant increase in credit risk since initial recognition.

### **Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and Forward looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, based on consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available), or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them, as appropriate, to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

### **Definition of default**

The Group considers the following as constituting an event of default, for internal credit risk management purposes, as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

### Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

### Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default), and the exposure at default. The assessment of the probability of default, and loss given default, is based on historical data adjusted by forward looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, together with any additional amounts expected to be drawn down in the future by the default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract, and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which the simplified approach was used.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership, and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all of the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivables, is recognised in the profit or loss.

### Financial liabilities

All financial liabilities are measured subsequently at amortised cost, using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

### ***Financial liabilities at FVTPL***

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL.

A financial liability other than a contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities classified as at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in either "other financial gains" (Note 16) or "finance costs" (Note 15) line item in profit or loss.

### ***Financial liabilities measured subsequently at amortised cost***

Other financial liabilities are measured subsequently at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

### ***Derecognition of financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised, and the consideration paid and payable, is recognised in profit or loss.

### ***Equity instruments***

Ordinary shares issued by the Company are classified as equity and recorded at the fair value of the proceeds received.

### ***Derivative financial instruments***

The Group enters into a variety of derivative financial instruments to manage its exposure to commodity price and foreign exchange risks.

Derivatives are initially recognised at fair value on the date the contract is entered into, and are subsequently remeasured to fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### ***Hedge accounting***

Those hedges which hedge exposure to the variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a component of a recognised asset or liability, or a highly probable forecasted transaction, are classified as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.



If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge), so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e., including the forward elements) as the hedging instrument, for all of its hedging relationships involving forward contracts. The Group designates only the intrinsic value of option contracts as a hedged item, i.e., excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis; the Group applies straight line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Note 40 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in Note 33.

### Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss in either "other financial gains" (Note 16) or "finance costs" (Note 15) line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve, at that time, remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

### Fair value estimation of financial assets and liabilities

The fair value of current financial assets and liabilities carried at amortised cost, approximate their carrying amounts, as the effect of discounting is immaterial.

### Share-based payments

Share-based incentive arrangements are provided to employees, allowing them to acquire shares of the Company.

The fair value of equity-settled options granted is recognised as an employee expense, with a corresponding increase in equity.

Equity-settled share options are valued at the date of grant using the Black-Scholes pricing model, and are charged to operating costs over the vesting period of the award. The charge is modified to take account of options granted to employees who leave the Group during the vesting period and forfeit their rights to the share options. In the case of market-related performance conditions, the Group revises its estimates of the number of equity instruments expected to vest at the end of the reporting period. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date at which the entity obtains the goods or the counterparty renders the service.

## **Leases**

### **The Group as lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its estimated incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in substance fixed payments).

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method), and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

During the year, the Group did not make any such adjustments. In 2020, the Group had revalued certain lease liabilities to nil following the termination of those leases.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment of Assets" policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

## Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, and where the effect of the time value of money is material. The provisions held by the Group are asset restoration obligations, contingent payments, employee benefits and incentive scheme, as set out in Note 35.

## Retirement benefit obligations

Payments to defined contribution retirement benefit plans are charged as an expense as and when employees have tendered the services entitling them to the contributions. Payments made to state managed retirement benefit schemes, such as Malaysia's Employees Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group does not have any defined benefit plans.

## Revenue

Revenue from contracts with customers is recognised in the profit or loss when performance obligations are considered met, which is when control of the hydrocarbons are transferred to the customer.

Revenue from the production of oil and gas, in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts.

Liquids production revenue is recognised when the Group gives up control of the unit of production at the delivery point agreed under the terms of the sale contract. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. The amount of production revenue recognised is based on the agreed transaction price and volumes delivered. In line with the aforementioned, revenue is recognised at a point in time when deliveries of the liquids are transferred to customers.

Gas production revenue is meter measured based on the hydrocarbon volumes delivered. The volumes delivered over a calendar month are invoiced based on monthly meter readings. The price is either fixed (gas) or linked to an agreed benchmark (high sulphur fuel oil) in advance. This methodology is considered appropriate as it is normal business practice under such arrangements. In line with the aforementioned, revenue is recognised at a point in time when deliveries of the gas are transferred to the customer.

A receivable is recognised once transfer has occurred, as this represents the point in time at which the right to consideration becomes unconditional, and only the passage of time is required before the payment is due.

## Under/Overlift

Offtake arrangements for oil and gas produced in certain of the Group's jointly owned operations may result in the Group not receiving and selling its precise share of the overall production in a period. The resulting imbalance between the Group's cumulative entitlement and share of cumulative production less stock gives rise to an underlift or overlift.

An overlift liability is recorded as a current liability in the statement of financial position at the prevailing market price, to represent a provision for production costs attributable to the volumes sold in excess of entitlement. An underlift asset is recorded as a current receivable in the statement of financial position at the prevailing market price, to represent a right to additional inventory based on its entitlement. Movements during an accounting period are adjusted through production costs such that gross profit is recognised on an entitlement basis.

## **Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted, in countries where the Company and its subsidiaries operate, by the end of the reporting period.

### **Petroleum resource rent tax (PRRT)**

PRRT incurred in Australia is considered for accounting purposes to be a tax based on income. Accordingly, current and deferred PRRT expense is measured and disclosed on the same basis as income tax.

PRRT is calculated at the rate of 40% of sales revenues less certain permitted deductions and is tax deductible for income tax purposes. In calculating the deferred tax in relation to PRRT, the PRRT rate is combined with Australian corporate tax rate of 30% to derive a combined effective tax rate of 28%.

### **Malaysia Petroleum Income Tax (PITA)**

PITA incurred in Malaysia is considered for accounting purposes to be a tax based on income derived from petroleum operations. Accordingly, current and deferred PITA expense is measured and disclosed on the same basis as income tax.

PITA is calculated at the rate of 38% of sales revenues less certain permitted deductions and deferred tax is calculated at the same rate.

### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not utilised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests, are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted, by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### **Current and deferred tax for the year**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).



**Other taxes**

Revenue, expenses, assets, and liabilities are recognised net of the amount of goods and services tax ("GST") or value added tax ("VAT") except:

- When the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

**Cash and bank balances**

Cash and bank balances comprise cash in hand and at bank, and other short-term deposits held by the Group with maturities of less than three months. Restricted cash in the current year is presented as cash and cash equivalents in the consolidated statement of financial position and disclosed in Note 29.

**4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY****Climate change and energy transition**

The Group recognises that the energy transition is likely to impact the demand for oil and gas, thus affecting the future prices of these commodities and the timing of decommissioning activities. This in turn may affect the recoverable amount of the Group's oil and gas properties and intangible exploration assets, and the carrying amount of the asset retirement obligations provision. The Group acknowledges that there are a range of possible energy transition scenarios that may indicate different outcomes for oil prices. There are inherent limitations with scenario analysis and it is difficult to predict which, if any, of the scenarios might eventuate.

The Group has assessed the potential impacts of climate change and the transition to a lower carbon economy in preparing the consolidated financial statements, including the Group's current assumptions relating to demand for oil and gas and their impact on the Group's long-term price assumptions, and also taking into consideration of the forecasted long-term prices and demand for oil and gas under the Paris aligned scenarios. See the key estimates on pages 142 and 143 for reserves estimates and impairment of oil and gas properties.

While the pace of transition to a lower carbon economy is uncertain, oil and gas demand is expected to remain a key element of the energy mix in the foreseeable future based on stated policies, commitments and announced pledges to reduce emissions.

Therefore, given the useful lives of the Group's current portfolio of oil and gas assets of up to 2040, management does not expect the potential decline on oil prices as a result of climate change and the transition to a lower carbon economy will have a material adverse change to the operating cash flows of the Group during the lives of those assets and thus the carrying amounts of the Group's assets and liabilities will not be significantly impacted.

Management will continue to review price assumptions as the energy transition progresses and will take into consideration in the future impairment assessments.

**Critical accounting judgments**

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimates (see below) that management has made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

- **Acquisitions, divestitures and/or assignment of interests**

The Group accounts for acquisitions and divestitures by considering if the acquired or transferred interest relates to that of an asset, or of a business as defined in IFRS 3 Business Combinations. Accordingly, the Group considers if there is the existence of business elements (e.g., inputs and substantive processes), or a group of assets that includes inputs and substantial processes that together significantly contribute to the ability to create outputs and providing a return to investors or other economic benefits. The justifications for this assessment on both acquisition of PenMal Assets and Lemang PSC have been set out in Notes 19 and Note 20, respectively.

## Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

### a) Deferred taxes

The Group recognises the net future economic benefit of deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and the carry forward of unutilised tax credits and unutilised tax losses can be utilised accordingly. Assessing the recoverability of deferred income tax, PRRT and PITA assets require the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets as recorded in the statement of financial position, could be impacted.

The carrying amount of the Group's deferred tax assets are disclosed in Note 26 to the financial statements.

#### Sensitivity analysis

Sensitivities have been run on the oil price assumption, with a 10% change being considered a reasonable possible change for the purposes of sensitivity analysis. A 10% decrease/increase in oil price would not result in a change in the deferred tax asset recognised by the Group due to the unrecognised deferred tax assets being associated with the unwinding of provision of asset retirement obligations in the future during the decommissioning period. The Group is not expected to be in taxable profit position during the decommissioning period to enable it to utilise the unrecognised deferred tax assets at year end.

### b) Reserves estimates

The Group's estimated reserves are management assessments, and take into consideration audits performed by an independent third party, which includes various assumptions, interpretations and assessments. These include assumptions regarding commodity prices, exchange rates, future production, transportation costs, and interpretations of geological and geophysical models to make assessments of the quality of reservoirs and the anticipated recoveries. Changes in reported reserves can impact asset carrying amounts, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the statement of profit or loss and other comprehensive income, and the calculation of inventory. Based on the analysis performed, management does not expect a five percent increase/decrease in the reserve estimates would significantly impact the carrying amounts of the assets and liabilities of the Group at year end.

### c) Impairment of oil and gas properties and intangible exploration assets

The Group undertakes a regular review of asset carrying amounts to determine whether there is any indication of impairment. In the impairment assessment of intangible exploration assets, the Group takes into consideration the technical feasibility and commercial viability of extracting a mineral resource and whether there is any adverse information that will affect the final investment decision.

For oil and gas properties, management assesses recoverable amounts using the FVLCO approach. The post-tax estimated future cash flows are prepared based on estimated reserves, future production profiles, future hydrocarbon price assumptions and costs. The future hydrocarbon price assumptions used are highly judgemental and may be subject to increased uncertainty given climate change and the global energy transition. Management further takes into consideration the impact of climate change on estimated future commodity prices with the application of the Paris aligned price assumptions.

The carrying amounts of intangible exploration assets, oil and gas properties and right-of-use assets are disclosed in Notes 21, 22 and 24, respectively.

#### Sensitivity analysis

Management assessed the impact of a change in cash flows in impairment testing arising from a 10% reduction in price assumptions used at year end, sourced from independent third party, ERCE. The forecasted price assumptions are US\$75/bbl in 2022, US\$70/bbl in 2023 and US\$66/bbl from 2024 onwards. Based on the analysis performed, management concluded that a price reduction in isolation under the various scenarios would not impact the carrying amount of the Group's oil and gas properties. Management also assessed the impact of a change in cash flows in impairment testing arising from the application of the various Paris aligned price assumptions, being Announced Pledges Scenario (II), Net Zero Emissions by 2050 Scenario (central) and Net Zero Emissions by 2050 Scenario (APD) as disclosed on pages 35 to 38. The oil price under the various Paris aligned price assumptions are as follow:

	2022 US\$/bbl	2023 US\$/bbl	2024 US\$/bbl	2025 US\$/bbl	2026 US\$/bbl	2027 onwards US\$/bbl
Announced Pledges Scenario (II)	71.7	70.9	64.9	59.9	56.3	63.1
Net Zero Emissions by 2050 Scenario (central)	67.8	65.3	57.5	50.7	46.5	42.9
Net Zero Emissions by 2050 Scenario (APD)	71.3	70.4	64.2	58.9	54.5	51.7

The oil price sensitivity analysis above does not, however, represent management's best estimate of any impairments that might be recognised as they do not fully incorporate consequential changes that may arise, such as reductions in costs and changes to business plans, phasing of development, levels of reserves and resources, and production volumes. As an example, as price reduces, it is likely that costs would decrease across the industry. The oil price sensitivity analysis therefore does not reflect a linear relationship between price and value that can be extrapolated.

Management also tested the impact of a one percent change in the discount rate used of 10% for impairment testing of oil and gas properties, and concluded that a five percent increase/decrease in the discount rate will not result in impairment as the net present value of either outcome is above the carrying amount of the Group's oil and gas properties at year end.

#### d) Asset restoration obligations

The Group estimates the future removal and restoration costs of oil and gas production facilities, wells, pipelines and related assets at the time of installation of the assets and reviewed subsequently at the end of each reporting period. In most instances the removal of these assets will occur many years in the future.

The estimate of future removal costs is made considering relevant legislation and industry practice and requires management to make judgments regarding the removal date, the extent of restoration activities required and future costs and removal technologies.

The carrying amounts of the Group's asset restoration obligations is disclosed in Note 35 to the financial statements.

#### Sensitivity analysis

Sensitivities have been run on the discount rate assumption, with a one percentage change being considered a reasonable possible change for the purposes of sensitivity analysis. A one percentage reduction in discount rate would increase the liability by US\$41.9 million and a one percentage increase in discount rate would decrease the liability by US\$36.4 million. A 10% increase in current estimated costs would increase the liability by US\$35.8 million and a 10% decrease in current estimated costs would decrease the liability by US\$35.3 million. A one year deferral to the estimated decommissioning date would decrease the liability by US\$1.1 million and an acceleration of one year to the estimated decommissioning date would increase the liability by US\$0.2 million.

## 5 REVENUE

The Group presently derives its revenue from contracts with customers for the sale of oil and gas products.

In line with the revenue accounting policies set out in Note 3, all revenue is recognised at a point in time.

	2021 USD'000	2020 USD'000
Liquids revenue	339,210	186,572
Hedging income	-	31,366
	<b>339,210</b>	<b>217,938</b>
Gas revenue	984	-
	<b>340,194</b>	<b>217,938</b>

The Group entered into Australian commodity swap contracts hedging approximately 30% of its planned production for the period January to June 2021. The commodity swap contracts were measured at FVTPL, as opposed to hedge accounting, in part because the swap contracts cover a short time span. The swap contracts incurred a loss of US\$4.6 million during the year which is recorded as other expense (Note 11).

The hedging income in 2020 arose from the Group's capped swap contracts from October 2018 to September 2020, by hedging 50% of its planned production volumes during the contracts' duration.

## 6 PRODUCTION COSTS

	2021 USD'000	2020 USD'000
Operating costs	61,630	45,155
Workovers	67,006	21,686
Logistics	20,212	18,853
Repairs and maintenance	45,186	22,450
Tariffs and transportation costs	2,809	-
Underlift, overlift and crude inventories movement	9,680	(2,806)
	<b>206,523</b>	<b>105,338</b>

Operating costs predominately consists of offshore manpower costs of US\$26.8 million (2020: US\$20.7 million), chemical, services, supplies and others of US\$20.3 million (2020: US\$20.3 million), Malaysian supplementary payments of US\$8.3 million (2020: nil), insurance of US\$2.7 million (2020: US\$3.0 million) and non-operated assets production costs of US\$1.2 million (2020: nil).

The Malaysian supplementary payments are required under the terms of PSCs based on the Group's entitlement to profit from oil and gas. It is payable at 70% of the excess revenue over the base price of the sale of oil as set out under the terms of PSCs. The payments are made to PETRONAS.

Workovers in 2021 included the Montara subsea workovers for the Skua 10 and Skua 11 wells of US\$47.2 million, net of insurance claim receivable of US\$10.3 million on the well control claim for the Skua 11 well workovers.

Repairs and maintenance in 2021 include a once-in-every-three-year subsea flowline inspection and Swift North subsea control module change out at Montara and a once-in-five-year changeout of the under-buoy hose at Stag.

The operating costs in 2020 were net of US\$0.6 million received during the year from the Australian Government's JobKeeper scheme in respect of COVID-19 grants supporting certain of the Group's Australian offshore workforce.

## 7 DEPLETION, DEPRECIATION AND AMORTISATION ("DD&A")

	2021 USD'000	2020 USD'000
Depletion and amortisation (Note 22):	62,586	68,005
Depreciation of:		
Plant and equipment (Note 23)	508	601
Right-of-use assets (Note 24)	11,191	16,228
Crude inventories movement	5,930	(192)
	<b>80,215</b>	<b>84,642</b>

The depreciation of right-of-use assets in 2021 includes US\$1.5 million (2020: nil) associated with the Skua 10 and 11 workovers.

The crude inventories movement represents additional/reversal of depletion expense recognised during the year based on the net movement of crude inventories at year end against beginning of the year. For the purpose of the consolidated statement of cash flows, this amount has been excluded from the movement in working capital.

Crude inventories movement represents the year on year differential of the Group's on hand closing inventory. The depletion charge is calculated based on units of production and adjusted based on the net movement of crude inventories at year end against beginning of the year. There were 274,103 bbls at the end of 2021 compared to 601,999 bbls at the end of 2020 reflecting an additional depletion charge of US\$5.9 million.



## 8 ADMINISTRATIVE STAFF COSTS

	2021 USD'000	2020 USD'000
Wages, salaries and fees	21,066	17,520
Staff benefits in kind	3,051	3,255
Share-based compensation	951	1,128
	<b>25,068</b>	<b>21,903</b>

The compensation of key management personnel is included in the above and disclosed separately in Note 45.

Wages, salaries and fees in 2020 were net of US\$0.5 million received during the year from the Australian Government's JobKeeper scheme in respect of certain of the Group's Australian onshore personnel.

## 9 STAFF NUMBERS AND COSTS

The average number of employees employed by the Group during the year was 278 (2020: 210), consisting of 153 onshore employees (2020: 117) and 125 offshore employees (2020: 93). Staff costs are split between production costs (Note 6) for offshore personnel and administrative staff costs (Note 8) for onshore personnel.

Their aggregate remuneration comprised:

	2021 USD'000	2020 USD'000
Wages, salaries and fees	39,158	35,434
Social security costs	186	206
Defined contribution pension costs	3,177	2,594
Share-based compensation	951	1,128
	<b>43,472</b>	<b>39,362</b>
Contractors and consultants costs	8,363	3,191
	<b>51,835</b>	<b>42,553</b>

## 10 DIRECTORS' REMUNERATION AND TRANSACTIONS

	2021 USD'000	2020 USD'000
<b>Directors' remuneration</b>		
Salaries, fees, bonuses and benefits in kind	3,093	2,823
Gains on exercise of options	1,259	-
Amounts receivable under long term incentive plans	278	493
Money purchase pension contributions	96	72
	<b>4,726</b>	<b>3,388</b>
<b>Remuneration of the highest paid director:</b>		
Salaries, fees, bonuses and benefits in kind	1,516	1,472
Gains on exercise of options	481	-
Amounts receivable under long term incentive plans	302	282
Money purchase pension contributions	63	44
	<b>2,362</b>	<b>1,798</b>
	<b>Number</b>	<b>Number</b>
<b>The number of directors who:</b>		
Are members of a defined benefit pension scheme	-	-
Are members of a money purchase pension scheme	2	2
Exercised options over shares in the Company	2	-
Had awards receivable in the form of shares under a long-term incentive scheme	2	8

In 2021, the Non-Executive Directors were not granted any options/shares under the Company's long term incentive plans, compared to 2020 when all Directors were granted share options.

## 11 OTHER EXPENSES

	2021 USD'000	2020 USD'000
Corporate costs	11,487	16,642
Assets written off	5,332	173
Loss on valuation of oil derivatives	4,633	475
Provision for slow moving inventories	2,624	143
Net foreign exchange loss	950	2,623
Rig contract deferral costs	-	3,000
Exploration expenses	-	972
Other expenses	1,155	2,890
	<b>26,181</b>	<b>26,918</b>

Corporate costs in 2021 includes business development costs of US\$3.2 million, professional fees in relation to internal reorganisation of US\$1.1 million and project transition costs of US\$0.9 million (2020: US\$1.0 million). Corporate costs in 2020 included US\$9.1 million of litigation costs incurred in relation to the SC56 and Block 05-1 PSC.

Loss on valuation of oil derivatives arose from the Australian commodity swap contracts entered for the period January to June 2021.

Assets written off in 2021 includes the written off of intangible exploration assets of US\$5.3 million previously capitalised as they are not expected to generate future economic benefits.

For the purpose of the consolidated statement of cash flows, net foreign exchange loss in 2020 included net unrealised loss of US\$1.5 million.

Rig contract deferral costs in 2020 of US\$3.0 million arose from the decision to defer the Australian 2020 drilling campaign in response to the impact of COVID-19.

## 12 AUDITORS' REMUNERATION

The analysis of the auditor's remuneration is as follows:

	2021 USD'000	2020 USD'000
Fees payable to the Company's auditor for the audit of the parent company and Group's consolidated financial statements	383	208
Audit fees of the subsidiaries	412	174
	<b>795</b>	<b>382</b>

No fees were paid to the Group's auditors for non-audit services for either the Group or the Company in 2020 or 2021.

The increase in fees relates mainly to the internal reorganisation in April 2021 which required the Group auditors to be United Kingdom rather than Singapore based.

## 13 IMPAIRMENT OF ASSETS

	2021 USD'000	2020 USD'000
Impairment of intangible exploration assets (Note 21)	-	50,455

The impairment expense of US\$50.5 million in 2020 related to management's decision to voluntarily relinquish SC56, a deepwater new basin entry exploration block acquired by the previous management of the Group. The effective date of relinquishment was 21 December 2020. During the year, the Group paid an exit fee of US\$1.5 million to the Philippines Department of Energy and formally exited the block. A provision was made in relation to the exit fee in 2020 which reversed out in 2021 after the payment was made.

## 14 OTHER INCOME

	2021 USD'000	2020 USD'000
Net foreign exchange gain	2,525	48
Interest income	80	257
Litigation income	-	11,075
Reversal of Stag FSO provision	-	5,047
Fair value gain on foreign exchange derivatives	-	3,784
Gain from termination of right-of-use asset	-	1,382
Other income	5,077	4,783
	<b>7,682</b>	<b>26,376</b>

Other income includes rental income from a helicopter rental contract (a right-of-use asset) to a third party of US\$4.5 million (2020: US\$3.6 million). Other income in 2020 also consisted of a settlement sum of US\$1.0 million received from Teikoku Oil (Con Son) Co. Ltd, a subsidiary of Inpex Corporation, to resolve the dispute between both parties over the Block 05-1 PSC.

For the purpose of the consolidated statement of cash flows, net foreign exchange gain in current year includes net unrealised gain of US\$1.8 million.

Litigation income in 2020 represented the arbitration award granted by Singapore International Arbitration Centre in favour to the Group in response to a breach of the SC56 farm out agreement by Total E&P Philippines BV.

## 15 FINANCE COSTS

	2021 USD'000	2020 USD'000
Interest expense	150	2,366
Accretion expense for asset retirement obligations (Note 35)	5,920	6,312
Interest expense on lease liabilities	1,222	3,341
Changes in provisions:		
Lemang PSC contingent payments	314	-
PenMal Assets contingent payment	124	-
Accretion expense for Stag FSO provision	-	51
Other finance costs	1,345	585
	<b>9,075</b>	<b>12,655</b>

Interest expense refers to the effective interest charge on the reserve based lending facility.

The fair value of the contingent payments payable to Mandala Energy Lemang Pte Ltd for the Lemang PSC acquisition were revalued to US\$4.8 million as at 31 December 2021 (2020: US\$4.4 million), reflecting the effect of the time value of money for the trigger events as disclosed in Note 20.

The consideration for the PenMal Assets included two separate contingent payments for US\$3.0 million each if the average Dated Brent remained equal or above US\$65/bbl in 2021 and US\$70/bbl in 2022. The contingent payments had a fair value of US\$4.3 million (see Note 19.3) on the date of acquisition. At year end, the contingent payments were revalued at US\$4.4 million, resulting in an increase in the provision of US\$0.1 million.

Other finance costs include accretion expense of US\$1.2 million (2020: US\$0.5 million) generated from an Australian Taxation Office ("ATO") 2019 repayment plan of US\$43.3 million to support companies impacted by COVID-19. The repayment schedule was between December 2020 and June 2022 but the plan was fully repaid in May 2022.

## 16 OTHER FINANCIAL GAINS

	2021 USD'000	2020 USD'000
Change in provision:		
Montara contingent payments	-	359
Accretion income from non-current Lemang PSC VAT receivables	266	-
	<b>266</b>	<b>359</b>

The accretion income represents the effect of the time value of money on the non-current Lemang PSC VAT receivables. The fair value of the VAT receivables were revalued to US\$4.7 million as at 31 December 2021 (2020: US\$4.4 million).

The change in provision represents the change in the fair value of the Montara contingent payments. The Group derecognised the Montara 2020 contingent payment in 2020 as the trigger event to crystallise this payment did not arise. The fair values of the remaining Montara contingent payments have been valued at US\$ nil, as the possibility of realisation is remote.



## 17 INCOME TAX EXPENSE

	2021 USD'000	2020 USD'000
<b>Current tax</b>		
Corporate tax (credit)/charge	(486)	11,020
Overprovision in prior year	(270)	(1,030)
	<b>(756)</b>	<b>9,990</b>
Australian petroleum resource rent tax ("PRRT")	(1,374)	1,678
Malaysian petroleum income tax ("PITA")	9,469	-
	<b>7,339</b>	<b>11,668</b>
<b>Deferred tax</b>		
Corporate tax	5,247	(4,026)
PRRT	3,371	(4,702)
PITA	(1,135)	-
	<b>7,483</b>	<b>(8,728)</b>
	<b>14,822</b>	<b>2,940</b>

Jadestone Energy Inc., the former ultimate holding company, was a resident in the Province of British Columbia and paid no Canadian tax. The Group has no operating business in Canada. Following the completion of the internal organisation (Note 2), Jadestone Energy plc became the ultimate holding company on 23 April 2021. Jadestone Energy plc's tax domicile is Singapore and is subjected to Singapore's domestic corporate tax rate of 17%. Subsidiaries are resident for tax purposes in the territories in which they operate.

The Australian corporate income tax rate is applied at 30% of Australian corporate taxable income. PRRT is calculated at 40% of sales revenue less certain permitted deductions and is tax deductible for Australian corporate income tax purposes.

The Malaysian corporate income tax is applied at 24% on non-petroleum taxable income. PITA is calculated at 38% of sales revenue less certain permitted deductions and is tax deductible for Malaysian corporate income tax purposes.

During the year, Stag recorded a net PRRT expense of US\$2.0 million (2020: PRRT credit of US\$3.0 million), after utilising PRRT carried forward credits of US\$4.7 million from 2020.

As at year end, Montara has US\$3.4 billion (2020: US\$3.3 billion) of unutilised PRRT carried forward credits. Based on management's latest forecasts, the augmentation on historic accumulated PRRT net losses will more than offset PRRT that would otherwise arise on future PRRT taxable profits. Accordingly, Montara is not anticipated to incur any PRRT expense.

PenMal Assets recorded PITA expense of US\$8.3 million since the completion of acquisition on 1 August 2021.

The tax recoverable of US\$9.4 million as at year end represents PITA receivable of which US\$5.1 million arose from pre-economic effective date of the PenMal Assets acquisition which will be payable to SapuraOMV following the receipt from tax refund. The Group has recognised the payable to SapuraOMV as at year end.

The tax expense on the Group's profit/(loss) differs from the amount that would arise using the standard rate of income tax applicable in the countries of operation as explained below:

	2021 USD'000	2020 USD'000
<b>Profit/(Loss) before tax</b>	<b>1,080</b>	<b>(57,238)</b>
Tax calculated at the domestic tax rates applicable to the profit/loss in the respective countries (Australia 30% & 40%, Malaysia 24% & 38%, New Zealand 28%, Canada 27% and Singapore 17%)	3,948	(9,198)
Effects of non-deductible expenses	3,803	16,192
Effect of PRRT/PITA tax expense	8,095	1,678
Deferred PRRT/PITA tax expense/(credit)	2,238	(4,702)
Effect of unutilised tax losses recognised as deferred tax asset	(2,992)	-
Overprovision in prior year	(270)	(1,030)
<b>Tax expense for the year</b>	<b>14,822</b>	<b>2,940</b>

In addition to the amount charged to the profit or loss, the following amounts relating to tax have been recognised in other comprehensive income.

	2021 USD'000	2020 USD'000
<b>Other comprehensive loss – deferred tax</b>		
Income tax credit related to carrying amount of hedged item	-	(1,583)

## 18 LOSS PER ORDINARY SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	2021 USD'000	2020 USD'000
Loss for the purposes of basic and diluted per share, being the net loss for the year attributable to equity holders of the Company	(13,742)	(60,178)

	2021 Number	2020 Number
Weighted average number of ordinary shares for the purposes of basic EPS	463,567,519	461,309,862
Effect of diluted potential ordinary shares – share options	-	-
Weighted average number of ordinary shares for the purposes of dilutive EPS	<b>463,567,519</b>	<b>461,309,862</b>

In 2021, 6,640,985 (2020: 4,679,402) of weighted average potentially dilutive ordinary shares available for exercise from in the money vested options, associated with share options were excluded from the calculation of diluted EPS, as they are anti-dilutive in view of the loss for the year.

In 2021, 899,306 (2020: 651,687) of weighted average contingently issuable shares associated under the Company's performance share plan based on the respective performance measures up to year end were excluded from the calculation of diluted EPS, as they are anti-dilutive in view of the loss for the year.

In 2021, 140,965 (2020: 68,480) of weighted average contingently issuable shares under the Company's restricted share plan were excluded from the calculation of diluted EPS, as they are anti-dilutive in view of the loss for the year.

<b>Loss per share (US\$)</b>	<b>2021</b>	<b>2020</b>
– Basic and diluted	(0.03)	(0.13)

## 19 ACQUISITION OF SAPURAOMV (PM) INC.

### 19.1 Effective date and acquisition date

On 30 April 2021, the Group executed a sale and purchase agreement ("SPA") with SapuraOMV Upstream (PM) Sdn Bhd ("SapuraOMV") to acquire the entire share capital of SapuraOMV (PM) Inc. for a cash consideration of US\$20.0 million, comprising a headline price of US\$9.0 million, plus customary adjustments of US\$11.0 million (see Note 19.3). There are two separate potential contingent payments to SapuraOMV of US\$3.0 million each related to the annual average Dated Brent price equal or above US\$65/bbl in 2021 and US\$70/bbl in 2022.

The acquisition completed on 1 August 2021, following the satisfaction of all conditions precedent. The economic effective date of the acquisition, as set out in the SPA, was 1 January 2021, meaning the Group was entitled to all net cash generated since 1 January 2021 up to the completion date. As a result, at completion on 1 August 2021, the Group obtained cash held by SapuraOMV (PM) Inc. of US\$29.2 million, resulting in net cash receipts of US\$9.2 million.

The legal transfer of ownership and control of SapuraOMV (PM) Inc. occurred on the date of completion, 1 August 2021 (the Acquisition Date). It was at this point that the Group became able to control the key operating decisions relating to the acquired entity. Therefore, for the purpose of calculating the purchase price allocation, management has determined the fair value adjustments using the balance sheet of the SapuraOMV (PM) Inc. as at the completion date of 1 August 2021.

On 3 August 2021, the name of SapuraOMV (PM) Inc. was changed to Jadestone Energy (PM) Inc. ("JEPM").

## 19.2 Business acquisition

Management has concluded that the acquisition of JEPM is that of a business as defined in IFRS 3 *Business Combinations*. JEPM contains inputs and processes, which when combined has the ability to contribute to the creation of outputs (oil and gas). Accordingly, the transaction has been accounted for as a business combination.

As a result, the Group has applied the acquisition method of accounting as at the Acquisition Date. A purchase price allocation exercise was performed to identify, and measure at fair value, the assets acquired and liabilities assumed in the business combination. The consideration transferred was measured at fair value. The Group has adopted the definition of fair value under IFRS 13 *Fair Value Measurement* to determine the fair values.

## 19.3 Fair value of consideration transferred

The fair value consideration for the PenMal Assets reflected a net cash receipt of US\$9.2 million, as set out below:

	USD'000
Asset purchase price	9,000
Crude inventory value	3,236
Cash at bank, 1 January 2021	8,091
Closing statement adjustments	(294)
<b>Cash payment on Acquisition Date</b>	<b>20,033</b>
Less: cash and bank balances acquired, 1 August 2021	(29,252)
<b>Net cash receipts from the acquisition</b>	<b>(9,219)</b>

The crude inventory was measured at the market value and the cash at bank represents the cash on hand, as at the economic effective date of 1 January 2021.

The closing statement adjustments relates to permitted leakages of US\$0.3 million of audited intercompany charges that relate to SapuraOMV Group (pre 1 January 2021).

In addition, there were two deferred potential contingent payments of US\$3.0 million each, payable depending on the outcome of two trigger events, namely that the average Dated Brent oil price would equal or exceed US\$65/bbl in 2021 and US\$70/bbl in 2022. If either or both events occur, the respective contingent payment would be paid within 30 days from the end of each calendar year.

Management has assessed the fair value of the deferred contingent payments using a Monte Carlo option simulation model, which considered inputs such as spot Brent oil price at completion date, the risk-free rate, a volatility factor and the length of time the contingent payments apply. The fair value of both contingent payments was assessed to be US\$4.3 million, representing US\$3.0 million and US\$1.3 million for the 2021 and 2022 deferred contingent payments, respectively. The 2022 contingent payment reflects a discount of 57% from the original value, reflecting the time value of money and the likelihood of the trigger event occurring. The assessment of 2022 contingent payment was performed as at 1 August 2021, based on the facts and circumstances existed as at that date. Subsequent to year end, the oil prices have seen an abnormal increase, accordingly the Group is likely to pay the 2022 contingent payment in full.

The 2021 contingent payment of US\$3.0 million crystallised at year end as the average Dated Brent oil price exceeded US\$65/bbl, hence the amount was recognised as an accrual at year end. The amount was paid in January 2022.

Fair value of purchase consideration	USD'000
Asset purchase price	9,000
Crude inventory value	3,236
Cash at bank	8,091
Closing statement adjustments	(294)
<b>Cash payment on acquisition date</b>	<b>20,033</b>
Working capital adjustments	(1,059)
Deferred contingent considerations	4,305
<b>Total</b>	<b>23,279</b>

The Group considers that the purchase consideration and the transaction terms to be reflective of fair value for the following reasons:

- Open and unrestricted market: there were no restrictions in place preventing other potential buyers from negotiating with SapuraOMV during the sales process period and there were a number of other interested parties in the formal sale process;
- Knowledgeable, willing but not anxious parties: both the Group and SapuraOMV are experienced oil and gas operators under no duress to buy or sell. The process was conducted over several months which gave both parties sufficient time to conduct due diligence and prepare analysis to support the transaction; and
- Arm's length nature: the Group is not a related party to SapuraOMV. Both parties had engaged their own professional advisors. There is no reason to conclude that the transaction was not transacted at arm's length.

#### **19.4 Assets acquired and liabilities assumed at the date of acquisition**

During the year, the Group has completed the purchase price assessment ("PPA") to determine the fair values of the net assets acquired within the stipulated time period of 12 months from the Acquisition Date, in accordance with IFRS 3. The adjusted fair values of the identifiable assets and liabilities as at the Acquisition Date were:

	<b>USD'000</b>
<b>Asset</b>	
<i>Non-current assets</i>	
Oil and gas properties (Note 22)	21,744
Other receivables	42,092*
Deferred tax assets	10,343
<i>Current assets</i>	
Inventories	2,853
Trade and other receivables	21,276
Tax recoverable	10,226
Cash and bank balances	29,252
	<b>137,786</b>
<b>Liabilities</b>	
<i>Non-current liabilities</i>	
Provision for asset retirement obligations (Note 35)	91,552
Deferred tax liabilities	6,177
<i>Current liabilities</i>	
Trade and other payables	16,778
	<b>114,507</b>
<b>Net identifiable assets acquired</b>	<b>23,279</b>

\* Other receivables represent the accumulated CESS paid to the Malaysian regulator for operated licences, which will be reclaimable by the Group in the future following the commencement of decommissioning activities.

#### **19.5 Impact of acquisition on the results of the Group**

Included in the Group's revenue for the year was US\$46.6 million attributable to the PenMal Assets. Included in the Group's after tax loss for the year was a profit of US\$6.5 million attributable to the PenMal Assets.

Acquisition-related costs amounting to US\$0.7 million have been excluded from the consideration transferred and have been recognised as an expense in the period, within "other expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Had the business combination been effected at 1 January 2021, and based on the performance of the business during 2021 under SapuraOMV's operatorship, the Group would have generated revenues of US\$107.2 million and an estimated net profit after tax of US\$29.6 million.

The Directors of the Group consider these "pro-forma" numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.



## 20 ACQUISITION OF LEMANG PSC

### 20.1 Acquisition date

In 2020, the Group executed an acquisition agreement with Mandala Energy Lemang Pte Ltd ("Mandala Energy") to acquire an operated 90% interest in the Lemang PSC, for a total cash consideration of US\$12.0 million, including closing statement adjustments and subsequent contingent payments. The acquisition closed on 11 December 2020 ("Closing Date"), following the completion of various conditions precedent at the time of signing the acquisition agreement.

### 20.2 Asset acquisition

Management has concluded that the acquisition of the Lemang PSC is an asset acquisition as the Lemang PSC does not come with an organised workforce, and the Group does not take over any process in the form of a system, protocol or standards to contribute to the creation of outputs. Hence, the acquisition does not fall within the definition of a business acquisition under IFRS 3. Therefore, the assets acquired and liabilities assumed in the acquisition of the Lemang PSC, and the consideration transferred have been measured at fair value, in accordance to the definition of fair value under IFRS 13 *Fair Value Measurement*.

### 20.3 Fair value of consideration transferred

The fair value consideration of the Lemang PSC reflected net cash outflows of US\$12.0 million, as set out below:

	USD'000
Asset purchase price	12,000
Closing statement adjustments	55
<b>Cash payment on acquisition date</b>	<b>12,055</b>
Less: cash and bank balances acquired	(96)
<b>Net cash outflows on acquisition</b>	<b>11,959</b>

The total net cash outflows on acquisition reflects the net receipts arising from the working capital adjustments at the Closing Date.

There are additional potential deferred contingent payments, dependent on the future outcome of a number of trigger events. Please refer to Note 20.5 for the full disclosure of all the contingent payments along with the management's assessment. Management has reviewed all the contingent payments, and at the date of acquisition recorded an amount of US\$4.4 million at fair value for the following two contingent events:

- First gas date: US\$5.0 million; and
- The accumulated receipts of VAT reimbursements received which are attributable to the Lemang Block as at the Closing Date, exceeding an aggregate amount of US\$6.7 million on a gross basis: US\$0.7 million.

Management has assessed the fair value of the above contingent consideration based on the estimated timing of first gas date, and the estimated receipts from the VAT receivables. This implies the fair value of the contingent considerations to be US\$3.9 million and US\$0.5 million, respectively, totalling US\$4.4 million as at Closing Date. This reflects a discount of 23% and 20% for the respective contingent consideration payments arising from the time value of money and the likelihood of the trigger event occurring. There is no change to the fair value as at 2020 year end due to the short timeframe from the Closing Date up to 2020 year end. As at 31 December 2021, the fair value of the contingent payments are valued at US\$4.8 million, reflecting the time value of money. The contingent payments are not expected to be paid before 2024 and accordingly have been classified as non-current liability.

The Group has not recognised other contingent payments associated with the acquisition of the Lemang PSC as management considers the probability of outflow to be remote.

<b>Fair value of purchase consideration</b>	<b>USD'000</b>
Asset purchase price	12,000
Closing statement adjustment	55
<b>Cash payment on acquisition date</b>	<b>12,055</b>
Deferred contingent consideration	4,436
<b>Total</b>	<b>16,491</b>

The Group considers that the purchase consideration and the transaction terms to be reflective of fair value for the following reasons:

- Open and unrestricted market: there were no restrictions in place preventing other potential buyers from negotiating with Mandala Energy during the sales process period and there a number of other interested parties in the formal sale process;
- Knowledgeable, willing but not anxious parties: both the Group and Mandala Energy are experienced oil and gas operators under no duress. The process was conducted over several months which gave both parties sufficient time to conduct due diligence and prepare analysis to support the transaction; and
- Arm's length nature: the Group is not a related party to Mandala Energy. Both parties had engaged their own professional advisors so there is no reason to conclude that the transaction was not transacted at arm's length.

## **20.4 Assets acquired and liabilities assumed at the date of acquisition**

The fair value of the identifiable assets and liabilities of the Lemang PSC, acquired and assumed as at the date of acquisition, were:

	<b>Total USD'000</b>
<b>Asset</b>	
<i>Non-current assets</i>	
Intangible exploration assets (Note 21)	14,825
VAT receivables	4,393
<i>Current assets</i>	
Trade and other receivables	398
Inventories	3
Cash and bank balances	96
	<b>19,715</b>
<b>Liabilities</b>	
<i>Non-current liabilities</i>	
Provision for asset retirement obligations (Note 35)	2,741
<i>Current liabilities</i>	
Trade and other payables	483
	<b>3,224</b>
<b>Net identifiable assets acquired</b>	<b>16,491</b>

The provision for asset restoration obligations assumed by the Group is associated with oil production by Mandala Energy that ceased prior to the acquisition in December 2020. The obligation was assumed following the acquisition, and the decommissioning expenditure is expected to be incurred from 2034, at the end of the life of the planned gas development.

## 20.5 Deferred contingent consideration

No.	Trigger event	Consideration	Management's rationale
1	First gas date	US\$5.0 million	Please refer to 20.3 above.
2	The accumulated VAT receivables reimbursements which are attributable to the unbilled VAT in the Lemang Block as at the Closing Date, exceeding an aggregate amount of US\$6.7 million on a gross basis.	US\$0.7 million	Please refer to 20.3 above.
3	First gas date on or before 31 March 2023.	US\$3.0 million	It is unlikely that the first gas date will be on or before 31 March 2023.
4	Total actual Akatara Gas Project "close out" costs set out in the AFE(s) approved pursuant to a joint audit by SKK MIGAS and BPKP is less than, or within 2% of the "close out" development costs set out in the approved revised plan of development for the Akatara Gas Project.	US\$3.0 million	The Akatara Gas Project has not been sanctioned as at year end due to ongoing preparation of project approval documentation. It is unknown if the future close out costs will be less than or within 2% of the budgeted amount and it is unable to be reliably measured as at year end.
5	The average Saudi CP in the first year of operation is higher than US\$620/MT.	US\$3.0 million	Saudi CP is not expected to be above US\$620/MT throughout the PSC term to 2037.
6	The average Saudi CP in the second year of operation is higher than US\$620/MT.	US\$2.0 million	Saudi CP is not expected to be above US\$620/MT throughout the PSC term to 2037.
7	The average Dated Brent price in the first year of operation is higher than US\$80/bbl.	US\$2.5 million	The Dated Brent price is not expected to be above US\$80/bbl throughout the PSC term to 2037.
8	The average Dated Brent price in the second year of operation is higher than US\$80/bbl.	US\$1.5 million	The Dated Brent price is not expected to be above US\$80/bbl throughout the PSC term to 2037.
9	A plan of development for the development of a new discovery made, as a result of the remaining exploration well commitment under the PSC, is approved by the relevant government entity.	US\$3.0 million	There are no prospects or leads presently selected for the exploration well commitment. As at year end, it is not probable that this contingent consideration trigger will be met.
10	The plan of development described in item 9 above is approved by the relevant government entity and is based on reserves of no less than 8.4mm barrels (on a gross basis).	US\$8.0 million	There are no prospects or leads presently selected for the exploration well commitment. As at year end, it is not probable that this contingent consideration trigger will be met.

## 21 INTANGIBLE EXPLORATION ASSETS

	USD'000
<b>Cost</b>	
<b>As at 1 January 2020</b>	117,440
Acquisition of Lemang PSC (Note 20)	14,825
Additions	18,860
<b>As at 31 December 2020</b>	<b>151,125</b>
Additions	3,934 <sup>(a)</sup>
Change in asset retirement obligations (Note 35)	(44) <sup>(b)</sup>
Reversal	(6,059) <sup>(c)</sup>
Written off	(55,715) <sup>(d)</sup>
<b>As at 31 December 2021</b>	<b>93,241</b>
<b>Impairment</b>	
<b>As at 1 January 2020</b>	-
Additions (Note 13)	50,455
<b>As at 31 December 2020</b>	<b>50,455</b>
Written off	(50,455)
<b>As at 31 December 2021</b>	-
<b>Net book value</b>	
<b>As at 1 January 2020</b>	<b>117,440</b>
<b>As at 31 December 2020</b>	<b>100,670</b>
<b>As at 31 December 2021</b>	<b>93,241</b>

(a) For the purpose of the consolidated statement of cash flows, current year expenditure on intangible exploration assets of US\$0.1 million remained unpaid as at 31 December 2021 (2020: US\$4.6 million).

(b) The change in asset retirement obligations of US\$0.04 million relates to assets at the Lemang PSC.

(c) The US\$6.0 million reversal during the year relates to an overprovision of costs owed to a third party contractor. The overprovision was identified following an assessment of actual costs incurred.

(d) In November 2020, Total, as operator of SC56 voluntarily surrendered a combined 100% interest in SC56 to the Philippines Department of Energy ("DOE"). As a result, the carrying value of US\$50.4 million was impaired in Q4 2020. The DOE acknowledged the relinquishment in February 2021 and the exit obligation terms were agreed in June 2021. Accordingly, the carrying value was formally written off in 2021.

The Group has also written off intangible exploration assets of US\$5.3 million during the year (Note 11).



## 22 OIL AND GAS PROPERTIES

	USD'000
<b>Cost</b>	
<b>As at 1 January 2020</b>	492,985
Changes in asset restoration obligations (Note 35)	(725)
Additions	4,732
<b>As at 31 December 2020</b>	<b>496,992</b>
Changes in asset restoration obligations (Note 35)	23,894
Acquisition of PenMal Assets (Note 19)	21,744
Additions	52,864*
<b>As at 31 December 2021</b>	<b>595,494</b>
<b>Accumulated depletion and amortisation</b>	
<b>As at 1 January 2020</b>	<b>111,311</b>
Charge for the year	68,005
<b>As at 31 December 2020</b>	<b>179,316</b>
Charge for the year	62,586
<b>As at 31 December 2021</b>	<b>241,902</b>
<b>Net book value</b>	
<b>As at 1 January 2020</b>	<b>381,674</b>
<b>As at 31 December 2020</b>	<b>317,676</b>
<b>As at 31 December 2021</b>	<b>353,592</b>

\* The additions consist of cash payments of US\$51.4 million and capitalisation of depreciation of US\$1.5 million associated with right-of-use assets in Australia in accordance with IAS 16, both associated with the drilling of the H6 infill well at Montara.

## 23 PLANT AND EQUIPMENT

	Computer equipment USD'000	Fixtures and fittings USD'000	Materials and spares USD'000	Total USD'000
<b>Cost</b>				
<b>As at 1 January 2020</b>	2,824	1,315	-	4,139
Disposal	280	193	-	473
<b>As at 31 December 2020</b>	<b>3,104</b>	<b>1,508</b>	<b>-</b>	<b>4,612</b>
Additions	450	232	-	682
Written off	-	(169)	-	(169)
Transfer	-	-	7,209	7,209*
<b>As at 31 December 2021</b>	<b>3,554</b>	<b>1,571</b>	<b>7,209</b>	<b>12,334</b>
<b>Accumulated depreciation</b>				
<b>As at 1 January 2020</b>	1,334	1,025	-	2,359
Charge for the year	323	278	-	601
<b>As at 31 December 2020</b>	<b>1,657</b>	<b>1,303</b>	<b>-</b>	<b>2,960</b>
Charge for the year	302	206	-	508
Written off	-	(97)	-	(97)
<b>As at 31 December 2021</b>	<b>1,959</b>	<b>1,412</b>	<b>-</b>	<b>3,371</b>
<b>Net book value</b>				
<b>As at 1 January 2020</b>	<b>1,490</b>	<b>290</b>	<b>-</b>	<b>1,780</b>
<b>As at 31 December 2020</b>	<b>1,447</b>	<b>205</b>	<b>-</b>	<b>1,652</b>
<b>As at 31 December 2021</b>	<b>1,595</b>	<b>159</b>	<b>7,209</b>	<b>8,963</b>

\* The transfer represents the material and spares that are not expected to be consumed within the next 12 months from the year end. The reclassification amount is net of allowance of slow moving items of US\$1.9 million as disclosed in Note 11.

## 24 RIGHT-OF-USE ASSETS

	Production assets USD'000	Transportation and logistics USD'000	Buildings USD'000	Total USD'000
<b>Cost</b>				
<b>As at 1 January 2020</b>	29,339	42,320	3,004	74,663
Additions	-	419	472	891
Termination	(29,339)	-	(307)	(29,646)
Adjustment	-	(394)	-	(394)
<b>As at 31 December 2020</b>	-	<b>42,345</b>	<b>3,169</b>	<b>45,514</b>
Additions	-	1,200	1,654	2,854
<b>As at 31 December 2021</b>	-	<b>43,545</b>	<b>4,823</b>	<b>48,368</b>
<b>Accumulated depreciation</b>				
<b>As at 1 January 2020</b>	5,334	8,519	1,023	14,876
Charge for the year	3,837	11,419	972	16,228
Termination	(9,171)	-	(92)	(9,263)
<b>As at 31 December 2020</b>	-	<b>19,938</b>	<b>1,903</b>	<b>21,841</b>
Charge for the year	-	11,470*	1,205	12,675*
<b>As at 31 December 2021</b>	-	<b>31,408</b>	<b>3,108</b>	<b>34,516</b>
<b>Net book value</b>				
<b>As at 1 January 2020</b>	<b>24,005</b>	<b>33,801</b>	<b>1,981</b>	<b>59,787</b>
<b>As at 31 December 2020</b>	-	<b>22,407</b>	<b>1,266</b>	<b>23,673</b>
<b>As at 31 December 2021</b>	-	<b>12,137</b>	<b>1,707</b>	<b>13,852</b>

\* The amount includes US\$1.5 million which has been capitalised within oil and gas properties as the related right-of-use assets were used as part of the drilling of the H6 infill well at Montara (see Note 22).

The Group leases several assets including helicopters, a supply boat, logistic facilities for the Montara field, and buildings. The average lease term is 3 years.

The maturity analysis of lease liabilities is presented in Note 36.

	2021 USD'000	2020 USD'000
<b>Amount recognised in profit or loss</b>		
Depreciation expense on right-of-use assets	11,191	16,228
Interest expense on lease liabilities	1,222	3,341
Expenses relating to short-term leases	63,734	3,113
Expense relating to leases of low value assets	81	31

At 31 December 2021, the Group has not committed to any short-term leases (2020: US\$8.1 million).

The total cash outflow for leases amount to US\$13.0 million (2020: US\$18.6 million).

The additions of right-of-use assets during the year represent the extension of the Group's ongoing right-of-use assets and entered into a five-year lease to rent an Australian office building to replace an expired lease.

## 25 INTERESTS IN OPERATIONS

Details of the operations, of which all are in production except for 46/07, 51 and Lemang which are in the development stage, are as follows:

Contract Area	Date of expiry	Held by	Place of operations	Group effective working interest % as at 31 December	
				2021	2020
Montara Oilfield	Indefinite	Jadestone Energy (Eagle) Pty Ltd	Australia	100	100
Stag Oilfield	25 Aug 2039	Jadestone Energy (Australia) Pty Ltd	Australia	100	100
PM329	8 December 2031	Jadestone Energy (PM) Inc.	Malaysia	70	-
PM323	14 June 2028	Jadestone Energy (PM) Inc.	Malaysia	60	-
PM318	24 May 2034	Jadestone Energy (PM) Inc.	Malaysia	50	-
AAKBNLP	24 May 2024	Jadestone Energy (PM) Inc.	Malaysia	50	-
46/07	29 Jun 2035	Mitra Energy (Vietnam Nam Du) Pte Ltd	Vietnam	100	100
51	10 Jun 2040	Mitra Energy (Vietnam Tho Chu) Pte Ltd	Vietnam	100	100
Lemang	17 Jan 2037	Jadestone Energy (Lemang) Pte Ltd	Indonesia	90	90
SC57	14 Sept 2055	Mitra Energy (Philippines SC-57) Ltd	Philippines	-	21

\* In 2006, the Group executed an agreement with the Philippines National Oil Company ("PNOC") to acquire a 21% working interest in SC57. The acquisition required the approval of the Office of the President of the Philippines and in December 2021 PNOC advised that such approval will not be granted by the Philippines Department of Energy. The Group is now seeking reimbursement from PNOC for costs of approximately US\$0.9 million which it incurred in relation to a 2008 seismic acquisition campaign. This is not recognised as a receivable as at year end as it is not sufficiently certain that the amount will be received.

## 26 DEFERRED TAX

The following are the deferred tax liabilities and assets recognised by the Group and movements thereon.

	Australian PRRT USD'000	Malaysian PITA USD'000	Tax depreciation USD'000	Derivatives financial instruments USD'000	Total USD'000
<b>As at 1 January 2020</b>	13,215	-	(60,445)	(1,583)	(48,813)
Credited to profit or Loss (Note 17)	4,702	-	4,026	-	8,728
Credited to OCI	-	-	-	1,583	1,583
<b>As at 31 December 2020</b>	<b>17,917</b>	<b>-</b>	<b>(56,419)</b>	<b>-</b>	<b>(38,502)</b>
Charged to profit or loss (Note 17)	(3,371)	1,135	(5,247)	-	(7,483)
Acquisition of PenMal Assets (Note 19)	-	4,166	-	-	4,166
<b>As at 31 December 2021</b>	<b>14,546</b>	<b>5,301</b>	<b>(61,666)</b>	<b>-</b>	<b>(41,819)</b>

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 USD'000	2020 USD'000
Deferred tax liabilities	(67,097)	(58,229)
Deferred tax assets	25,278	19,727
	<b>(41,819)</b>	<b>(38,502)</b>

The Group has unutilised PRRT credits of approximately US\$3.4 billion (2020: US\$3.3 billion) available for offset against future PRRT taxable profits in respect of the Montara field. The PRRT credits remain effective throughout the production licence of Montara. No deferred tax asset has been recognised in respect of these PRRT credits, due to management's projections that there will continue to be current augmentation of PRRT credits that are more than sufficient to offset any PRRT tax to be paid. As PRRT credits are utilised based on a last-in-first-out basis, the unutilised PRRT credits of approximately US\$3.4 billion (2020: US\$3.3 billion) will not be utilised given the forecasted augmentation, and are therefore not recognised as a deferred tax asset.



## 27 INVENTORIES

	2021 USD'000	2020 USD'000
Materials and spares	12,011	21,245
Less: allowance for slow moving (Note 11)	(2,060)	(1,329)
	<b>9,951</b>	<b>19,916</b>
Crude oil inventories	13,348	25,445
	<b>23,299</b>	<b>45,361</b>

The cost of inventories recognised as an expense during the year for lifted volumes, comprising production costs excluding workovers, Malaysian supplementary payments and tariffs and transportation costs, plus depletion expense of oil & gas properties, and plus depreciation of right-of-use assets deployed for operational use, is US\$200.4 million (2020: US\$166.9 million).

## 28 TRADE AND OTHER RECEIVABLES

	2021 USD'000	2020 USD'000
<b>Current assets</b>		
Trade receivables	9,143	106
Prepayments	3,770	2,012
Other receivables and deposits	13,281	4,273
Amount due from joint arrangement partners (net)	2,203	-
Underlift crude oil inventories	6,855	-
GST/VAT receivables	2,699	719
	<b>37,951</b>	<b>7,110</b>
<b>Non-current asset</b>		
Other receivables		
Acquisition of PenMal Assets (Note 19)	42,092	-
Change in asset restoration obligations (Note 35)	(672)	-
Cess paid	306	-
	<b>41,726</b>	<b>-</b>
Prepayment	2,000	-
VAT receivables	4,774	4,404
	<b>48,500</b>	<b>4,404</b>
	<b>86,451</b>	<b>11,514</b>

Trade receivables arise from revenues generated in Australia and Malaysia. The average credit period is 30 days (2020: 30 days). All outstanding receivables as at 31 December 2021 and 2020 have been fully recovered in 2022 and 2021, respectively.

Other receivables in current year consist of insurance claim receivable of US\$10.3 million on the well control claim for the Skua 11 well workovers.

Amount due from joint arrangement partners represents cash calls receivable from the Malaysian and Indonesian joint arrangement partners, net of joint arrangement expenditures. The amount due from the Malaysian joint arrangement partner is unsecured, with a credit period of 15 days. A notice of default will be served to the joint arrangement partner if the credit period is exceeded, which will become effective seven days after service of such notice if the outstanding amount remains unpaid. Interest of 3% per annum will be imposed on the outstanding amount, starting from the effective date of default. The outstanding receivable has been fully recovered in 2022.

The amount due from the Indonesian joint arrangement partner is unsecured, with a credit period of 7 days. A notice of default will be served to the joint arrangement partner if the credit period is exceeded, which will become effective seven days after service of such notice if the outstanding amount remains unpaid. An interest at LIBOR plus 3% per annum will be imposed on the outstanding amount, starting from the effective date of default.

Non-current other receivables represent the accumulated cess payment paid to the Malaysian regulator for the operated licences. The Malaysian require upstream operators to contribute periodic cess payments to a cess abandonment fund throughout the production life of the upstream oil and gas assets. This is to ensure there is sufficient funds available for decommissioning expenditures activities at the end of field life. The cess payment amount is assessed based on the estimated future decommissioning expenditures.

The non-current VAT receivables are associated with the Lemang PSC. It is classified as a non-current asset as the recovery of the VAT receivables is dependent on the share of revenue entitlement by the Indonesian government after the commencement of gas production, which is estimated to occur after 2022.

There are no trade receivables older than 30 days.

## 29 CASH AND BANK BALANCES

	2021 USD'000	2020 USD'000
Cash and bank balances	117,865	89,441
Less: restricted cash	-	(8,445)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>117,865</b>	<b>80,996</b>

Cash and bank balances in 2021 contains a restricted cash balance of US\$0.4 million and US\$0.5 million in relation to a deposit placed for bank guarantee with respect to the PenMal Assets and Australian office building, respectively.

Restricted cash in 2020 included US\$7.4 million related to the Group's reserve based lending arrangement (Note 37). As part of the agreement, the Group had to retain an aggregate amount of principal, interest, fees and costs payable at each quarter-end in a debt service reserve account ("DSRA"). The US\$7.4 million was deposited in the DSRA as at 31 December 2020. The DSRA was released on 31 March 2021, upon the repayment of the final balance outstanding on the loan. Restricted cash in 2020 also contained a performance bank guarantee of US\$1.0 million, placed with the Indonesian regulator in relation to a joint study agreement ("JSA"). The amount was released to the Group during Q3 2021 upon the completion of the JSA.

The restricted cash of US\$10.0 million held by the Group in 2019, in support of a bank guarantee to a key supplier in respect of Stag's FSO vessel, was released to the Group upon the termination of the FSO vessel lease agreement in 2020.

## 30 SHARE CAPITAL

	No. of shares	USD'000
<b>Authorised ordinary shares issued and fully paid</b>		
<b>As at 1 January 2020</b>	461,042,811	466,573
Issued during the year	800,000	406
<b>As at 31 December 2020</b>	<b>461,842,811</b>	<b>466,979</b>
Issued during the year	3,238,427	967
Capital reduction, at £0.499 each	-	(467,387)
<b>As at 31 December 2021</b>	<b>465,081,238</b>	<b>559</b>

On 4 May 2021, the High Court of Justice, Business and Property Court, Companies Court in England and Wales approved the reduction of share capital of the Company pursuant to section 648 of the Act by cancelling the paid-up capital of the Company to the extent of 49.9 pence on each ordinary share of £0.50 in the issued share capital of the Company. The effective date of the capital reduction was 6 May 2021.

During the year, employee share options of 3,238,427 were exercised and issued at an average price of GB£ 0.33 per share (2020: 800,000; GB£0.33 per share).

The Company has one class of ordinary share. Fully paid ordinary shares carry one vote per share without restriction, and carry a right to dividends as and when declared by the Company.

Prior to the internal reorganisation on 23 April 2021, Jadestone Energy Inc. the former ultimate holding company, has issued 1,806,666 shares, resulting to the total outstanding number of shares at 463,649,477 as at 23 April 2021. The Company has issued 1,431,761 shares post the completion of the internal reorganisation.

### 31 DIVIDENDS

The parent company has sufficient distributable reserves to declare dividends, despite the post-tax losses incurred during the year. The dividends declared were in compliance with the Act.

The Directors plan to recommend a final 2021 dividend of 1.34 US cents/share on 6 June 2022, equivalent to a total distribution of US\$9.0 million. The dividend will be paid in July 2022.

On 9 September 2021, the Directors declared a 2021 interim dividend of 0.59 US cents/share, equivalent to 0.43 GB pence/share, based on an exchange rate of 0.7257, equivalent to a total distribution of US\$2.8 million. The dividend was paid on 1 October 2021.

On 11 June 2021, the Directors declared the second interim 2020 dividend of 1.08 US cents/share, equivalent to 0.77 GB pence/share, based on an exchange rate of 0.7087, equivalent to a total distribution of US\$5.0 million, or US\$7.5 million in respect of total 2020 dividends. The dividend was paid on 30 June 2021.

On 10 September 2020, the Directors declared the first 2020 interim dividend of 0.54 US cents/share, equivalent to 0.42 GB pence/share, based on an exchange rate of 0.7708, equivalent to a total distribution of US\$2.5 million. The dividend was paid on 30 October 2020.

### 32 MERGER RESERVE

The merger reserve arose from the difference between the carrying value and the nominal value of the shares of the Company, following completion of the internal reorganisation (Note 2).

### 33 HEDGING RESERVES

	2021 USD'000	2020 USD'000
<b>At beginning of the year</b>	-	(3,688)
Gain arising on changes in fair value of hedging instruments during the year	-	(26,093)
Income tax related to gain recognised in other comprehensive income	-	7,828
Net gain reclassified to profit or loss	-	31,364
Income tax related to amounts reclassified to profit or loss	-	(9,411)
<b>At end of the year</b>	-	-

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss. The Group's oil price capped swap expired on 30 September 2020 and accordingly, all cumulative deferred gains were recognised in the profit or loss.

## 34 SHARE-BASED PAYMENTS RESERVE

The total expense arising from share-based payments of US\$1.0 million (2020: US\$1.1 million) was recognised as 'administrative staff costs' (Note 8) in profit or loss for the year ended 31 December 2021.

On 15 May 2019, the Company adopted, as approved by the shareholders, the amended and restated stock option plan, the performance share plan, and the restricted share plan (together, the "LTI Plans"), which establishes a rolling number of shares issuable under the LTI Plans up to a maximum of 10% of the Company's issued and outstanding ordinary shares at any given time. Options under the stock option plan will be exercisable over periods of up to 10 years as determined by the Board.

### 34.1 Share options

The Black-Scholes option-pricing model, with the following assumptions, was used to estimate the fair value of the options at the date of grant:

	Options granted on	
	18 March 2021	27 April 2020
Risk-free rate	0.49% to 0.61%	0.14% to 0.16%
Expected life	5.5 to 6.5 years	5.5 to 6.5 years
Expected volatility <sup>1</sup>	65.2% to 67.6%	42.7% to 43.9%
Share price	GB£ 0.65	GB£ 0.44
Exercise price	GB£ 0.77	GB£ 0.44
Expected dividends	1.79%	2.94%

### 34.2 Performance shares

The performance measures for performance shares incorporate a balance of relative and absolute total shareholder return ("TSR") on a 70:30 basis to reward outperformance vs. peers (relative TSR) and alignment with shareholders (absolute TSR).

**Relative TSR:** measured against the TSR of peer companies; the size of the pay out is based on Jadestone's ranking against the TSR outcomes of peer companies.

**Absolute TSR:** share price target plus dividend to be set at the start of the performance period and assessed annually; the threshold share price plus dividend has to be equal to or greater than a 10% increase in absolute terms to earn any pay out at all, and must be 25% or greater for target pay out.

A Monte Carlo simulation model was used by an external specialist, with the following assumptions to estimate the fair value of the performance shares at the date of grant:

	Performance shares granted on	
	18 March 2021	27 April 2020
Risk-free rate	0.06%	0.08%
Expected volatility <sup>1</sup>	51.5%	66.0%
Share price	GB£ 0.77	GB£ 0.44
Exercise price	N/A	N/A
Expected dividends	2.64%	2.80%
Post-vesting withdrawal date	N/A	N/A
Early exercise assumption	N/A	N/A

### 34.3 Restricted shares

Restricted shares are granted to certain senior management personnel as an alternative to cash under exceptional circumstances to provide greater alignment with shareholder objectives. These are shares that vest three years after grant, assuming the employee has not left the Group. They are not eligible for dividends prior to vesting.

The following assumptions were used to estimate the fair value of the restricted shares at the date of grant, discounting back from the date they will vest and excluding the value of dividends during the intervening period:

	Restricted shares granted on	
	18 March 2021	27 April 2020
Risk-free rate	0.08%	0.08%
Share price	GB£ 0.77	GB£ 0.44
Expected dividends	2.64%	2.80%

<sup>1</sup> Expected volatility was determined by calculating Jadestone's average historical volatility of each trading day's log growth of TSR over a period between the grant date and the end of the performance period.



The following table summarises the options/shares under the LTI plans outstanding and exercisable as at 31 December 2021:

	Performance shares	Restricted shares	Number of options	Shares Options		
				Weighted average exercise price GB£	Weighted average remaining contract life	Number of options exercisable
<b>As at 1 January 2020</b>	-	-	19,867,842	0.39	8.21	7,019,480
New options/shares awards issued	695,200	101,063	6,525,000	0.44	9.83	-
Vested during the year	-	-	-	0.38	7.20	6,193,347
Exercised during the year	-	-	(800,000)	0.33	-	(800,000)
Cancelled during the year	(12,000)	-	(400,000)	0.73	-	(200,000)
<b>As at 31 December 2020</b>	<b>683,200</b>	<b>101,063</b>	<b>25,192,842</b>	<b>0.40</b>	<b>7.78</b>	<b>12,212,827</b>
New options/shares awards issued	1,136,512	50,570	2,852,631	0.77	9.21	-
Vested during the year	-	-	-	0.42	6.92	3,776,672
Exercised during the year	-	-	(3,238,427)	0.33	-	(3,238,427)
Cancelled during the year	(328,058)	-	(3,690,244)	0.46	-	(1,539,905)
<b>As at 31 December 2021</b>	<b>1,491,654</b>	<b>151,633</b>	<b>21,116,802</b>	<b>0.45</b>	<b>7.15</b>	<b>11,211,167</b>

## 35 PROVISIONS

	Asset restoration obligations (a) USD'000	Stag FSO (b) USD'000	Contingent payments (c) USD'000	Employees benefits (d) USD'000	Incentive scheme (e) USD'000	Others USD'000	Total USD'000
<b>As at 1 January 2020</b>	275,422	4,996	359	851	1,312	-	282,940
Charge to profit or loss	-	-	-	67	1,304	1,905	3,276
Acquisition of Lemang PSC	2,741	-	4,436	-	-	-	7,177
Accretion expense (Note 15)	6,312	51	-	-	-	-	6,363
Changes in discount rate assumptions (Note 22)	(725)	-	-	-	-	-	(725)
Utilised	-	-	-	(22)	(821)	-	(843)
Fair value adjustment (Note 16)	-	-	(359)	-	-	-	(359)
Reversal (Note 14)	-	(5,047)	-	-	-	-	(5,047)
<b>As at 31 December 2020</b>	<b>283,750</b>	<b>-</b>	<b>4,436</b>	<b>896</b>	<b>1,795</b>	<b>1,905</b>	<b>292,782</b>
Charge to profit or loss	-	-	-	-	-	202	202
Acquisition of PenMal Assets (Note 19)	91,552	-	4,305	-	-	-	95,857
Accretion expense (Note 15)	5,920	-	-	-	-	-	5,920
Changes in discount rate assumptions (Notes 21, 22 and 28)	23,178	-	-	-	-	-	23,178
Payment/Utilised	(306)	-	(3,000)	(50)	(778)	(1,516)	(5,344)
Fair value adjustment (Note 15)	-	-	438	-	-	-	438
Reversal (Note 14)	-	-	-	-	-	(389)	(389)
<b>As at 31 December 2021</b>	<b>404,400</b>	<b>-</b>	<b>6,179</b>	<b>846</b>	<b>1,017</b>	<b>202</b>	<b>412,644</b>
<b>As at 31 December 2020</b>							
Current	-	-	-	858	1,795	1,905	4,558
Non-current	283,750	-	4,436	38	-	-	288,224
	<b>283,750</b>	<b>-</b>	<b>4,436</b>	<b>896</b>	<b>1,795</b>	<b>1,905</b>	<b>292,782</b>
<b>As at 31 December 2021</b>							
Current	-	-	-	728	1,017	202	1,947
Non-current	404,400	-	6,179	118	-	-	410,697
	<b>404,400</b>	<b>-</b>	<b>6,179</b>	<b>846</b>	<b>1,017</b>	<b>202</b>	<b>412,644</b>

- a) The Group's asset restoration obligations ("ARO") comprise the future estimated costs to decommission each of the Montara, Stag, Lemang PSC and PenMal Assets.

The carrying value of the provision represents the discounted present value of the estimated future costs. Current estimated costs of the ARO for each of the Montara, Stag, Lemang PSC and PenMal Assets have been escalated to the estimated date at which the expenditure would be incurred, at an assumed blended inflation rate of 2.06%, 2.12%, 2.82% and range of 2.05% to 2.07%, respectively (2020: Montara: 1.52%; Stag: 1.48%; Lemang PSC: 2.54%). The estimates for each asset are a blend of assumed US and respective local inflation rates to reflect the underlying mix of US dollar and respective local dollar denominated expenditures. The present value of the future estimated ARO for each of the Montara, Stag, Lemang PSC and PenMal Assets has then been calculated based on blended risk-free rates of 1.77%, 1.91%, 5.96% and a range of 2.81% to 3.24%, respectively (2020: Montara: 1.72%; Stag: 1.78%; and Lemang PSC: 5.86%). The base estimate ARO for Montara, Stag and Lemang PSC remains largely unchanged from 2020. The ARO of PenMal Assets was assessed in 2021, based on the existing facilities and wells acquired and required to be decommissioned at the end of field life.

Management expects decommissioning expenditures to be incurred from 2024, 2032, 2034 and 2035 onwards for PenMal Assets, Montara, Lemang PSC and Stag, respectively.

In 2019, Jadestone Energy (Eagle) Pty Ltd, a wholly owned subsidiary of the Company entered into a deed poll with the Australian Government with regard to the requirements of maintaining sufficient financial capacity to ensure Montara's asset restoration obligations can be met when due. The deed states that the Group is required to provide a financial security in favour of the Australian Government when the aggregate remaining net after tax cash flow of the Group is 1.25 times or below the Group's estimated future decommissioning costs.

The Malaysian and Indonesian regulators require upstream oil and gas companies to contribute to an abandonment cess fund, including making periodic cess payments, throughout the production life of the oil or gas field. The cess payment amount is assessed based on the estimated future decommissioning expenditures. The cess payment paid for non-operated licences reduces the asset restoration liability.

- b) The provision for Stag FSO was reversed in 2020 following the termination of the FSO vessel lease.
- c) The contingent payment of US\$1.4 million represented the fair value of one contingent payment payable to SapuraOMV for the PenMal Assets acquisition, based on the outlook of Brent crude oil prices in 2022 (Note 19). The contingent payment (if triggered) will need to be made in January 2023 and accordingly has been classified as non-current liability.

The fair value of the contingent payments payable to Mandala Energy Lemang Pte Ltd for the Lemang PSC acquisition are valued at US\$4.8 million as at 31 December 2021 (2020: US\$4.4 million) for the trigger events as disclosed in Note 20.

The contingent payment of US\$0.4 million for the Montara acquisition was derecognised in 2020 as the liability failed to crystallise. The Group has not recognised other contingent payments associated with Montara acquisition as the management considers the probability of outflow is remote.

- d) Included in the provision for employee benefits is provision for long service leave which is payable to employees on a pro-rata basis after 7 years of employment and is due in full after 10 years of employment.
- e) The Group's performance pay incentive scheme is based on the Group's and employees' performance, and is payable annually to employees at variable percentages of their annual wage.

### 36 LEASE LIABILITIES

	2021 USD'000	2020 USD'000
Presented as:		
Non-current	4,504	13,305
Current	11,161	12,478
	<b>15,665</b>	<b>25,783</b>
Maturity analysis of lease liabilities based on undiscounted gross cash flows:		
Year 1	12,247	13,448
Year 2	3,440	11,239
Year 3	209	2,803
Year 4	221	-
Year 5	233	-
Future interest charge	(685)	(1,707)
	<b>15,665</b>	<b>25,783</b>

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

### 37 BORROWINGS

	2021 USD'000	2020 USD'000
<b>Secured borrowings</b>		
Reserve based lending facility	-	7,296

At the end of Q1 2021, the Group fully repaid its reserve based lending facility, making a final principal repayment of US\$7.3 million (2020: US\$42.8 million) and interest of US\$0.1 million (2020: US\$1.4 million).

The loan incurred interest at LIBOR plus 3% (2020: LIBOR plus 3%).

### 38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows, as cash flows from financing activities.

The cash flows represent the repayment of borrowings and lease liabilities, in the consolidated statement of cash flows.

	Reserved based lending facility USD'000	Lease liabilities USD'000
<b>As at 1 January 2020</b>	49,123	62,272
Financing cash flows	(42,766)	(16,603)
New lease liabilities	-	891
Termination of leases	-	(20,777)
Interest paid	(1,427)	(1,959)
Non-cash changes - interest	2,366	1,959
<b>As at 31 December 2020</b>	<b>7,296</b>	<b>25,783</b>
Financing cash flows	(7,296)	(12,972)
New lease liabilities	-	2,854
Interest paid	150	(1,222)
Non-cash changes - interest	(150)	1,222
<b>As at 31 December 2021</b>	<b>-</b>	<b>15,665</b>

### 39 TRADE AND OTHER PAYABLES

	2021 USD'000	2020 USD'000
Trade payables	26,847	10,131
Other payables	7,627	2,004
Accruals	29,699	20,047
Contingent payment	3,000	-
Supplementary payment payables	1,907	-
GST/VAT payables	10	10
	<b>69,090</b>	<b>32,192</b>

Trade and other payables and accruals principally comprise amounts outstanding for trade and non-trade purchases and ongoing costs. The average credit period taken for purchases is 30 days (2020: less than 30) days. For most suppliers, no interest is charged on the payables in the first 30 days from the date of invoice. Thereafter, interest may be charged on outstanding balances at varying rates of interest. The Group has financial risk management policies in place to ensure that all payables are settled within the pre-agreed credit terms.

The contingent payment of US\$3.0 million payable to SapuraOMV arose from the acquisition of the PenMal Assets (Note 19). The contingent payment was paid in January 2022 as the annual average Brent crude price in 2021 exceeded US\$65/bbl.

### 40 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivatives to manage its exposure to oil price fluctuations. Oil hedges are undertaken using swaps, and in some cases, call options. All contracts are referenced to Dated Brent oil prices. During the year, the Group entered into commodity swaps that are carried at fair value through profit or loss ("FVTPL"). The commodity swaps expired at the end of June 2021 and the Group has not entered into any further commodity swaps. Accordingly, there are no outstanding derivative contracts for the year ended 31 December 2021.

	2021 USD'000	2020 USD'000
<b>Derivative financial liabilities</b>		
Carried at FVTPL		
Commodity swaps	-	(471)

The fair values of the commodity swaps in 2020 were classified as Level 2 and calculated using market prices that the Group would pay or receive to settle those swap contracts.

The following is a summary of the Group's outstanding derivative contracts in 2020:

Contract quantity	Type of contracts	Terms	Contract price	Hedge classification	Fair value asset at 31 December 2020 USD'000
<b>Contracts designated as cash flow hedges</b>					
27% of Group's actual 2PD production	Commodity capped swap: swap component	Oct 2018 - Sep 2020	US\$78.26/bbl for Q4 2018, US\$71.72/bbl for 2019 and US\$68.45/bbl for the nine months to 30 September 2020	Cash flow	-
67% of swapped barrels in 2019 and in the nine months to 30 September 2020	Commodity capped swap: call component	Jan 2019 - Sep 2020	US\$80.00/bbl for the nine months to 30 September 2019, then US\$85.00/bbl to September 2020	Cash flow	-
<b>Contracts that are not designated in hedge accounting relationships</b>					
31% of Group's anticipated planned 2P production from January to March 2021	Commodity swap	Jan - March 2021	US\$49.00/bbl	FVTPL	(471)

The Group's October 2018 to September 2020 capped swap programme was designated as a cash flow hedge. Critical terms of the capped swap (i.e., the notional amount, life and underlying oil price benchmark) and the corresponding Montara hedged sales were highly similar. The Group performed a qualitative assessment of the effectiveness of the capped swap contracts and concluded that the value of the capped swap and the value of the corresponding hedged items was systematically changed in opposite directions in response to movements in the underlying commodity prices.

There was, however, a source of ineffectiveness in the capped swap arrangement, arising from the slight difference in the timing of Montara's production and the settlement of the capped swap arrangement versus the crude sales. The overall change in value in the capped swap transaction arose from the hedge ineffectiveness amounted to a net loss of approximately US\$4,000 in 2020, and was included in the statement of profit or loss within "other expenses" (Note 11).

The following table details the information regarding the hedged items of the commodity capped swap contracts.

Hedged items	Change in value used for calculating hedge ineffectiveness USD'000	Balance in cash flow hedge reserve for continuing hedges USD'000	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied USD'000
<b>2020</b>			
<b>Cash flow hedges</b>			
Forecast sales	4	-	-

The following table details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss:

	Current period hedging gain recognised in OCI USD'000	Amount of hedge ineffectiveness recognised in profit or loss USD'000	Line item in profit or loss in which hedge ineffectiveness is included	Amount reclassified to profit or loss due to hedged item affecting profit or loss USD'000	Line item in profit or loss in which reclassification adjustment is included
<b>2020</b>					
<b>Cash flow hedges</b>					
Forecast sales	18,265	4	Other expenses	31,360	Revenue



## 41 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

### Financial assets and liabilities

#### Current assets and liabilities

Management considers that due to the short-term nature of the Group's current assets and liabilities, the carrying amounts equate to their fair value.

#### Non-current assets and liabilities

The carrying amount of non-current assets and liabilities approximates their fair values.

	2021 USD'000	2020 USD'000
<b>Financial assets</b>		
At amortised cost		
Trade and other receivables, excluding prepayments and GST/VAT receivables	31,482	4,379
Restricted cash	-	8,445
Cash and bank balances	117,865	80,996
	<b>149,347</b>	<b>93,820</b>
<b>Financial liabilities</b>		
At amortised cost		
Trade and other payables, excluding GST/VAT payables	69,080	32,182
Lease liabilities	15,665	25,783
Borrowings	-	7,296
Contingent consideration for Lemang PSC acquisition	4,750	4,436
Contingent consideration for PenMal Assets acquisition	1,429	-
Derivative instruments carried at FVTPL	-	471
	<b>90,924</b>	<b>70,168</b>

Fair values are based on management's best estimates, after consideration of current market conditions. The estimates are subjective and involve judgment, and as such are not necessarily indicative of the amount that the Group may incur in actual market transactions.

#### Commodity price risk

The Group's earnings are affected by changes in oil prices. The Group manages this risk by monitoring oil prices and entering into commodity hedges against fluctuations in oil prices where considered appropriate.

#### Montara

The Group hedged 50% of its planned production volumes for the 24 months to 30 September 2020. The hedge was a capped swap, providing downside price protection via swaps, while allowing for participation in higher commodity prices via purchased call options. The call strike was set at US\$80/bbl for the nine months to 30 September 2019 and US\$85/bbl for the twelve months to September 2020. The swap price was 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 had upside price participation via purchased calls. The effective date of the hedge contracts was 1 October 2018.

In December 2020, the Group entered into a commodity swap arrangement to hedge 31% of its planned production volumes from January to March 2021, to provide downside oil price protection. The swap price was set at US\$49/bbl.

On 16 February 2021, the Group entered into a commodity swap arrangement to further hedge 31% of its planned production volumes from April to June 2021. The swap price was set at US\$61.40/bbl.

#### Commodity price sensitivity

The results of operations and cash flows from 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 forecasted estimates.

	Effect on the result before tax for the year ended 31 December 2021 USD'000	Effect on other comprehensive income before tax for the year ended 31 December 2021 USD'000	Effect on the result before tax for the year ended 31 December 2020 USD'000	Effect on other comprehensive income before tax for the year ended 31 December 2020 USD'000
Increase by 10%	-	-	(1,348)	-
Decrease by 10%	-	-	1,348	-

### Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between United States Dollars ("US Dollar") and foreign currencies will affect the fair value or future cash flows of the Group's financial assets or liabilities presented in the consolidated statement of financial position as at year end.

Cash and bank balances are generally held in the currency of likely future expenditures to minimise the impact of currency fluctuations. It is the Group's normal practice to hold the majority of funds in US Dollars, in order to match the Group's revenue and expenditures.

In April 2020, the Group entered into a series of forward exchange contracts under which it contracted to purchase AU\$10.0 million per month, from May to November 2020, at a fixed forward AU\$/US\$ exchange rate of 0.6344.

In addition to US Dollar, the Group transacts in various currencies, including Australian Dollar, Malaysian Ringgit, Vietnamese Dong, Indonesian Rupiah, Singapore Dollar, New Zealand Dollar and British Pound Sterling.

### Foreign currency sensitivity

Material foreign denominated balances were as follows:

	2021 USD'000	2020 USD'000
<b>Cash and bank balances</b>		
Australian Dollars	6,027	8,043
Malaysian Ringgit	4,622	-
<b>Trade and other receivables</b>		
Australian Dollars	2,706	1,547
Malaysian Ringgit	48	-
<b>Trade and other payables</b>		
Australian Dollars	43,219	21,233
Malaysian Ringgit	15,094	-

A strengthening/weakening of the Australian dollar and Malaysian Ringgit by 10%, versus the functional currency of the Group, is estimated to result in the net carrying amount of Group's financial assets and financial liabilities as at year end decreasing/increasing by approximately US\$4.5 million (2020: US\$1.2 million), and which would be charged/credited to the consolidated statement of profit or loss.

### Interest rate risk

The Group's interest rate exposure arises from some of its cash and bank balances. The Group's other financial instruments are non-interest bearing or fixed rate, and are therefore not subject to interest rate risk.

The Group holds some of its cash in interest bearing accounts and short-term deposits. Interest rates currently received are at relatively low levels. Accordingly, a downward interest rate movement would not cause significant exposure to the Group.

On 2 August 2018, the Group entered into a reserve based lending agreement with the Commonwealth Bank of Australia and Société Générale to borrow US\$120.0 million, repayable quarterly to 31 March 2021. The loan was fully drawn down on 28 September 2018 and incurred interest at LIBOR plus 3%. The loan incurred establishment and other costs of US\$3.2 million, which were offset against the proceeds received.

Based on the carrying value of the reserve based loan as at 31 December 2020, if interest rates had increased or decreased by 1% and all other variables remained constant, the impact on the Group's quarterly net income/(loss) before tax would be immaterial. The loan was fully repaid on 31 March 2021.

### Credit risk

Credit risk represents the financial loss that the Group would suffer if a counterparty in a transaction fails to meet its obligations in accordance with the agreed terms.

The Group actively manages its exposure to credit risk, granting credit limits consistent with the financial strength of the Group's counterparties and customers, requiring financial assurances as deemed necessary, reducing the amount and duration of credit exposures, and close monitoring of relevant accounts.

The Group trades only with recognised, creditworthy third parties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month ("12m") or lifetime ECL	Gross carrying amount <sup>(i)</sup> USD'000	Loss allowance USD'000	Net carrying amount USD'000
<b>2021</b>							
Cash and bank balances	29	n.a	Performing	12m ECL	117,865	-*	117,865
Trade receivables	28	n.a	(i)	Lifetime ECL	9,143	-*	9,143
Other receivables	28	n.a	Performing	12m ECL	13,281	-*	13,281
Amount due from joint arrangement partners	28	n.a	Performing	12m ECL	2,203	-*	2,203
<b>2020</b>							
Cash and bank balances	29	n.a	Performing	12m ECL	89,441	-*	89,441
Trade receivables	28	n.a	(i)	Lifetime ECL	106	-*	106
Other receivables	28	n.a	Performing	12m ECL	4,273	-*	4,273

\* The amount is negligible.

- (i) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using specific identification, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of specific identification.

As at 31 December 2021, total trade receivables amounted to US\$9.1 million (2020: US\$0.1 million). The balance in 2021 and 2020 had been fully recovered in 2022 and 2021, respectively.

The concentration of credit risk relates to the Group's single customer with respect to oil sales in Australia, and a different single customer for oil and gas sales in Malaysia. Both customers have an A2 credit rating (Moody's). All trade receivables are generally settled 30 days after sale date. In the event that an invoice is issued on a provisional basis, the final reconciliation is paid within 3 to 14 days from the issuance of the final invoice, largely mitigating any credit risk.

The Group recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated based on days past due, by applying a percentage of expected non-recoveries for each group of receivables. As at year end, ECL from trade receivables are expected to be insignificant.

The Group measures the loss allowance for other receivables and amount due from joint arrangement partners at an amount equal to 12-months ECL, as there is no significant increase in credit risk since initial recognition. ECL for other receivables are expected to be insignificant.

The credit risk on cash and bank balances is limited because counterparties are banks with high credit ratings assigned by international credit rating agencies. The banks are also regulated locally, and with no history of default.

The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the reporting date.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet all of its financial obligations as they become due. This includes the risk that the Group cannot generate sufficient cash flow from producing assets, or is unable to raise further capital in order to meet its obligations.

The Group manages its liquidity risk by optimising the positive free cash flow from its producing assets, on-going cost reduction initiatives, merger and acquisition strategies, and bank balances on hand.

The Group's net loss after tax for the year was US\$13.7 million (2020: US\$60.2 million, inclusive of non-cash SC56 impairment of US\$50.4 million). Operating cash flows before movements in working capital and net cash generated from operating activities for the year ended 31 December 2021 was US\$96.6 million and US\$102.1 million (2020: US\$86.9 million and US\$84.6 million) respectively. The Group's net current assets remained positive at US\$80.0 million as at 31 December 2021 (2020: US\$79.5 million).

The Group believes it has sufficient liquidity to meet all reasonable scenarios of operating and financial performance for the next 18 months.

### Non-derivative financial liabilities

The following table details the expected contractual maturity for non-derivative financial liabilities with agreed repayment periods. The table below has been drawn up based on the undiscounted contractual maturities of the financial liabilities, including interest, that will be paid on those liabilities, except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the estimated future cash flows attributable to the instrument included in the maturity analysis, which are not included in the carrying amount of the financial liabilities on the consolidated statement of financial position, namely interest expense.

	Weighted average effective interest rate %	On demand or within 1 year USD'000	Within 2 to 5 years USD'000	More than 5 years USD'000	Adjustments USD'000	Total USD'000
<b>2021</b>						
Non-interest bearing						
Trade and other payables	-	69,080	-	-	-	69,080
Contingent consideration for Lemang PSC acquisition	-	-	4,750	-	-	4,750
Contingent Consideration for PenMal Assets acquisition	-	-	1,429	-	-	1,429
Fixed interest rate instruments						
Lease liabilities	5.847	12,247	4,103	-	(685)	15,665
		<b>81,327</b>	<b>10,282</b>	<b>-</b>	<b>(685)</b>	<b>90,924</b>
<b>2020</b>						
Non-interest bearing						
Trade and other payables	-	32,182	-	-	-	32,182
Contingent consideration for Lemang PSC acquisition	-	-	4,436	-	-	4,436
Fixed interest rate instruments						
Lease liabilities	6.049	13,448	14,042	-	(1,707)	25,783
Variable interest rate instruments						
Borrowings	7.570	7,445	-	-	(149)	7,296
		<b>53,075</b>	<b>18,478</b>	<b>-</b>	<b>(1,856)</b>	<b>69,697</b>

### Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management, as the Group's liquidity risk is managed on a net asset and liability basis. The table has been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those assets, except where the Group anticipates that the cash flow will occur in a different period. The adjustment column represents the estimated future cash flows attributable to the instrument included in the maturity analysis, which are not included in the carrying amount of the financial assets on the consolidated statement of financial position, namely interest income.



	Weighted average effective interest rate %	On demand or within 1 year USD'000	Within 2 to 5 years USD'000	Adjustments USD'000	Total USD'000
<b>2021</b>					
Non-interest bearing					
Trade and other receivables, excluding prepayments and GST/VAT receivables	-	31,482	-	-	31,482
Variable interest rate instruments					
Cash and bank balances	-*	117,865	-	-*	117,865
		<b>149,347</b>	<b>-</b>	<b>-*</b>	<b>149,347</b>
<b>2020</b>					
Non-interest bearing					
Trade and other receivables, excluding prepayments and GST/VAT receivables	-	4,379	-	-	4,379
Variable interest rate instruments					
Restricted cash	-*	8,445	-	-*	8,445
Cash and bank balances	-*	80,996	-	-*	80,996
		<b>93,820</b>	<b>-</b>	<b>-*</b>	<b>93,820</b>

\* The effect of interest is not material.

### Capital management

The Group manages its capital structure and makes adjustments to it, based on the funds available to the Group, in order to support the acquisition, exploration and development of resource properties and the ongoing operations of its producing assets. Given the nature of the Group's activities, the Board of Directors works with management to ensure that capital is managed effectively, and the business has a sustainable future.

The capital structure of the Group represents the equity of the Group, comprising share capital, merger reserve and share-based payment reserve, as disclosed in Notes 30, 32 and 34, respectively.

To carry-out planned asset acquisitions, exploration and development, and to pay for administrative costs, the Group may utilise excess cash generated from its ongoing operations and may utilise its existing working capital, and will work to raise additional funds should that be necessary.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable. There were no changes in the Group's approach to capital management during the year ended 31 December 2021. The Group is not subject to externally imposed capital requirements.

	2021 USD'000	2020 USD'000
Borrowings	-	(7,296)
Cash and cash equivalents	117,865	81,996
Restricted cash	-	7,445
<b>Cash less borrowings</b>	<b>117,865</b>	<b>82,145</b>

Borrowings balance in 2020 related to the reserve based lending facility that was fully repaid in March 2021. The borrowings of US\$7.3 million was based on the effective interest method financing costs, and excludes derivatives, as detailed in Note 37. Cash and cash equivalents in 2020 included the Montara assets' minimum working capital cash balance of US\$15.0 million required under the reserve based lending facility, while restricted cash in 2020 comprised the US\$7.4 million in the DSRA. The restricted cash of US\$7.4 million in 2020 excluded a US\$1.0 million cash collateralised for a bank guarantee placed with the Indonesian regulator in respect of the JSA entered by the Group in Indonesia because the bank guarantee was removable and can then be used to fund the business.

The Group's overall strategy remains unchanged from 2020.

## Fair value measurements

The Group discloses fair value measurements by level of the following fair value measurement hierarchy:

- i. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- ii. Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly (Level 2); and
- iii. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Financial assets/financial liabilities	Fair value (USD'000) as at				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2021		2020					
	Assets	Liabilities	Assets	Liabilities				
Derivative financial instruments								
1) Oil price swaps and calls (Note 40)	-	-	-	471	Level 2	Third party valuations based on market comparable information.	n.a.	n.a.
Others - contingent consideration from Lemang PSC acquisition								
2) Contingent consideration (Note 35)	-	4,750	-	4,436	Level 3	Based on the nature and the likelihood of the occurrence of the trigger events. Fair value is estimated, taking into consideration the estimated future gas production schedule, forecasted Dated Brent oil prices and Saudi CP prices and respective price volatility at the end of the reporting period, as well as the effect of the time value of money.	Gas production schedule could be changed depending on future gas contract negotiations.  Expected future oil price volatility is based on an analysis of Dated Brent oil price and Saudi CP price movements as at acquisition date.	A change in gas production schedule or significant increase in Dated Brent oil prices and Saudi CP prices would result in a significant increase in the fair value.
Others - contingent consideration from PenMal Assets acquisition								
3) Contingent consideration (Notes 19, 35 and 39)	-	4,429	-	-	Level 3	Based on the nature and the likelihood of occurrence of the trigger event. Fair value is estimated using future Dated Brent oil price forecasts at the end of the reporting period, taking into account the time value of money and volatility of oil prices.	Expected future oil price volatility is based on an analysis of Dated Brent oil price movements as at the Acquisition Date.	A slight increase in Dated Brent oil prices would result in a significant increase in the fair value and vice versa.

## 42 SEGMENT INFORMATION

Information reported to the Group's Chief Executive Officer (the chief operating decision maker) for the purposes of resource allocation is focused on two reportable/business segments driven by different types of activities within the upstream oil and gas value chain, namely producing assets and secondly development and exploration assets. The geographic focus of the business is on Southeast Asia ("SEA") and Australia.

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

	Producing assets		Exploration/ development	Corporate	Total
	Australia USD'000	SEA USD'000	SEA USD'000	USD'000	USD'000
<b>2021</b>					
<b>Revenue</b>					
Liquids revenue	293,566	45,644	-	-	339,210
Gas revenue	-	984	-	-	984
	<b>293,566</b>	<b>46,628</b>	<b>-</b>	<b>-</b>	<b>340,194</b>
Production cost	(182,001)	(24,522)	-	-	(206,523)
DD&A	(75,848)	(3,621)	(281)	(465)	(80,215)
Administrative staff costs	(13,364)	(1,433)	(1,612)	(8,659)	(25,068)
Other expenses	(14,970)	(2,466)	(5,875)	(2,870)	(26,181)
Other income	7,038	9	76	559	7,682
Finance costs	(7,452)	(875)	(503)	(245)	(9,075)
Other financial gains	-	-	266	-	266
<b>Profit/(Loss) before tax</b>	<b>6,969</b>	<b>13,720</b>	<b>(7,929)</b>	<b>(11,680)</b>	<b>1,080</b>
<b>Additions to non-current assets</b>	<b>57,130</b>	<b>64,117</b>	<b>4,744</b>	<b>183</b>	<b>126,174</b>
<b>Non-current assets</b>	<b>366,959</b>	<b>59,532</b>	<b>90,938</b>	<b>719</b>	<b>518,148</b>
<b>2020</b>					
<b>Revenue</b>					
Liquids revenue	217,938	-	-	-	217,938
Production cost	(105,338)	-	-	-	(105,338)
DD&A	(84,024)	-	(110)	(508)	(84,642)
Administrative staff costs	(10,029)	-	(2,228)	(9,646)	(21,903)
Other expenses	(15,068)	-	(9,690)	(2,160)	(26,918)
Impairment of assets	-	-	(50,455)	-	(50,455)
Other income	14,292	-	1	12,083	26,376
Finance costs	(12,625)	-	(29)	(1)	(12,655)
Other financial gains	359	-	-	-	359
<b>Profit/(Loss) before tax</b>	<b>5,505</b>	<b>-</b>	<b>(62,511)</b>	<b>(232)</b>	<b>(57,238)</b>
<b>Additions to non-current assets</b>	<b>11,162</b>	<b>-</b>	<b>27,706</b>	<b>914</b>	<b>39,782</b>
<b>Non-current assets</b>	<b>349,292</b>	<b>-</b>	<b>97,838</b>	<b>945</b>	<b>448,075</b>

Non-current assets as shown here comprises oil and gas properties, intangible exploration assets, right-of-use assets, other receivables, restricted cash and plant and equipment used in corporate offices. Deferred tax assets are excluded from the segmental note but included in the Group's consolidated statement of financial position.

Revenues arising from producing assets arose from sales to the Group's respective sole customer in Australia and Malaysia.

### 43 FINANCIAL CAPITAL COMMITMENTS

Certain PSC's and service concessions' have firm capital commitments. The Group has the following outstanding minimum commitments:

#### SEA portfolio PSC operational commitments

	2021 USD'000	2020 USD'000
Not later than one year	400	10,000
One to five years	12,000	2,000
More than 5 years	10,700	10,684
	<b>23,100</b>	<b>23,084</b>

The SEA portfolio PSC operational commitments as at 31 December 2021 amounted to US\$17.3 million (2020: US\$ 17.3 million), and relates to the minimum work commitment outstanding for the Block 46/07 PSC and the Lemang PSC. The operational commitments also include training commitment of US\$5.8 million (2020: US\$5.8 million), for the Block 46/07 PSC, Block 51 PSC and the PenMal Assets.

#### Work commitment

Under the terms of the Block 46/07 PSC, Jadestone is committed to drill one more appraisal well on the block. The Group plans to drill an appraisal well on the Nam Du field to facilitate transition of 3C resource to 2C status. This well would be retained for future use as a Nam Du gas producer. Following the Group's announcement to delay the project in 2020, the Group obtained Vietnam Government approval on 14 September 2021 for a further extension of three years to 29 June 2024 in order to align drilling of the appraisal well with development of Nam Du/U Minh. Discussions are continuing with Petrovietnam to agree a gas production profile for the development, as a precursor to a gas sales contract, and ultimately attaining government sanction for the field development.

As part of the acquisition under the terms of the Lemang PSC, the Group, as the operator, has inherited unfulfilled work commitments of US\$7.3 million consisting of one exploration well and a 3D seismic programme. The work commitments should have been completed during the exploration phase of the PSC by the previous owner. It has been agreed with the Indonesian regulator that the work commitments can be completed after first gas in 2024 but before the end of 2026.

#### Training commitment

Under the terms of the Block 46/07 PSC and Block 51 PSC, the Group commits to pay an annual training commitment amount of US\$0.4 million to Petrovietnam until the expiration of the respective PSC licence. The training commitment amount is for the purpose of developing the local employees in the oil and gas industry.

As part of the acquisition under the terms of the PenMal Assets, the Group has inherited net training commitments of US\$0.3 million and US\$0.1 million for PM323 PSC and PM318 PSC, respectively. Funds provided with respect to this training commitment are applied to the development of local employees in the oil and gas industry. The training commitments are required to be completed before the expiration of the respective PSC.

#### Capital commitments

The Group has the following capital commitments for expenditure that were contracted for at the end of the reporting year but not recognised as liabilities for Stag and Montara:

	2021 USD'000	2020 USD'000
Not later than one year	5,254	8,977

The capital commitment of US\$5.3 million as at 2021 year end predominately arose from long leads for 50H and 51H drilling programme at Stag, which is scheduled to occur in the middle of 2022. The 2020 capital commitment of US\$9.0 million mainly related to drilling of Montara H6 infill well and Skua 12 well planning expenditure.

## 44 CONTINGENT LIABILITY

### *Legal disputes*

The Group has an ongoing legal dispute with a third party contractor over a long term contract. The Group disputes the claims from the third party contractor and requested a refund for an overpaid milestone payment against the contractor. The contractor commenced a legal proceeding against the Group in the Singapore High Court that ruled in favour of Jadestone. Following, the contractor appealed the High Court decision and the appeal was dismissed. The contractor may initiate arbitration proceeding against Jadestone in the future but has not commenced an action as at the reporting date. The Group may be liable for US\$6.0 million in the future, if the contractor initiates the arbitration proceeding and succeed. At this time, the management does not consider it to be probable and no provision is recognised in the financial statements.

## 45 EVENTS AFTER THE END OF THE REPORTING PERIOD

### *Russian military actions*

On 24 February 2022 Russia commenced military actions against Ukraine. Following, multiple countries around the world have imposed different forms of sanctions against Russia. The Group has assessed the sanctions imposed by the countries that the Group is operating within and concluded that the sanctions had no impact to the operations of the Group.

The Group is monitoring the rapidly evolving sanctions situation and will perform regular assessments to identify any potential impact in the future.

### *Suspension of PenMal Assets's non-operated floating production storage and offloading ("FPSO")*

In February 2022, the Bunga Kertas FPSO, deployed at the PenMal Assets' non-operated assets, had its class suspended, resulting in the cessation of production. The operator of the non-operated assets anticipates that the FPSO will have its class reinstated by July 2022 and production will be resumed by then accordingly.

### *Net Zero greenhouse gas emissions target update*

On 1 June 2022, the Company announced its commitment to Net Zero Scope 1 and 2 greenhouse gas emissions from its operated assets by 2040. A key element of the Company's Net Zero commitment will be the development of detailed emissions reduction roadmaps for its operated assets, which will be published in 2023. Jadestone's corporate strategy of maximising recovery from existing fields while minimising their emissions, and a move towards more gas in the portfolio over time, is both responsible and appropriate in the context of managing climate change. This also strikes the right balance in delivering secure and affordable energy in parts of Southeast Asia where either an energy shortage exists or where coal may be used as an alternative. Jadestone believes it can play an important role during this period of energy transition, while also demonstrating resilience and longevity to its business. It is not possible to estimate the financial effect at this time.

## 46 RELATED PARTY TRANSACTIONS

### *Internal reorganisation*

Pursuant to the internal reorganisation, on 23 April 2021, a transfer of beneficial interest agreement was entered into between Jadestone Energy Inc. ("JEI"), Jadestone Energy Holdings Limited ("JEHL") and Daniel Young, Chief Financial Officer. Under the transfer of beneficial interest agreement, JEI transferred the beneficial interest in 100,000 of the Company's shares to Daniel Young, with a corresponding reduction in the issuance of any new JEP shares due to Daniel Young in exchange for his existing JEI shares transferred to JEHL.

The purpose of this transfer was to ensure that the adjusted total outstanding number of Jadestone Energy plc shares of 463,649,477 at the completion of the internal reorganisation was exactly equal to the number of outstanding Jadestone Energy Inc. shares of 463,649,477 immediately prior to the completion of the reorganisation.

### *Compensation of key management personnel*

	2021 USD'000	2020 USD'000
Short-term benefits	7,741	6,440
Other benefits	1,295	1,006
Share-based payments	692	951
	<b>9,728</b>	<b>8,397</b>

The total remuneration of key management members in 2021 (including salaries and benefits) was US\$9.7 million (2020: US\$8.4 million) and recognised as part of the Group's administrative staff costs as disclosed in Note 8.



**Compensation of Directors**

	Short-term benefits <sup>(a)</sup> USD'000	Other benefits <sup>(a)</sup> USD'000	Share-based payments USD'000	Total compensation USD'000
<b>2021</b>				
A. Paul Blakeley	1,367	148	302	1,817
Daniel Young	748	210	(75)	883
Dennis McShane	155	-	10	165
Iain McLaren	105	-	7	112
Robert Lambert	95	-	7	102
Cedric Fontenit	95	-	7	102
Lisa Stewart	90	-	13	103
David Neuhauser	80	-	7	87
	<b>2,735</b>	<b>358</b>	<b>278</b>	<b>3,371</b>
<b>2020</b>				
A. Paul Blakeley	1,372	100	282	1,754
Daniel Young	696	190	138	1,024
Dennis McShane	119	-	18	137
Iain McLaren	79	-	11	90
Robert Lambert	70	-	11	81
Cedric Fontenit	66	-	10	76
Lisa Stewart	74	-	12	86
David Neuhauser	57	-	11	68
	<b>2,533</b>	<b>290</b>	<b>493</b>	<b>3,316</b>

(a) Short-term benefits comprise salary, director fee as applicable, performance pay, pension and other allowances. Other benefits comprise benefits-in-kind.

# Jadestone Energy plc

## COMPANY STATEMENT OF FINANCIAL POSITION

(Company Registration Number: 13152520)

### as at 31 December 2021

	Notes	USD'000
<b>Assets</b>		
<b>Non-current asset</b>		
Investment in subsidiary	5	25,905
Loan to a subsidiary	7	365,598
<b>Total non-current asset</b>		<b>391,503</b>
<b>Current assets</b>		
Amount owing by subsidiaries	7	4,812
Cash and cash equivalents		2,912
<b>Total current assets</b>		<b>7,724</b>
<b>Total assets</b>		<b>399,227</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
<b>Capital and reserve</b>		
Share capital	8	559
Merger reserve		61,068
Share-based payment reserve		25,936
Retained earnings		306,408
<b>Total equity</b>		<b>393,971</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Other payables and accruals	9	212
Amount owing to a subsidiary	7	5,044
<b>Total current liabilities</b>		<b>5,256</b>
<b>Total liabilities</b>		<b>5,256</b>
<b>Total equity and liabilities</b>		<b>399,227</b>

During the period, the Company made a loss after tax of US\$7.0 million.

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2022. They were signed on its behalf by:

**A. Paul Blakeley**  
Director

# Jadestone Energy plc

## COMPANY STATEMENT OF CHANGES IN EQUITY

### for the period 22 January 2021 (date of incorporation) to 31 December 2021

	Share capital USD'000	Merger reserve USD'000	Share-based payments reserve USD'000	Retained earnings USD'000	Total USD'000
<b>As at incorporation date, 22 January 2021</b>	68	-	-	-	68
Transfer of share-based payment reserve to the Company following internal reorganisation	-	-	25,493	-	25,562
Share-based compensation:					
Company	-	-	31	-	31
Subsidiaries	-	-	412	-	343
Dividend paid	-	-	-	(7,745)	(7,745)
Shares issued	321,608	61,068	-	-	382,676
Capital reduction	(321,117)	-	-	321,117	-
<b>Total transactions with owners</b>	<b>559</b>	<b>61,068</b>	<b>25,936</b>	<b>313,372</b>	<b>400,935</b>
Loss and total comprehensive income for the period	-	-	-	(6,964)	(6,964)
<b>Balance as at 31 December 2021</b>	<b>559</b>	<b>61,068</b>	<b>25,936</b>	<b>306,408</b>	<b>393,971</b>

# NOTES TO THE FINANCIAL STATEMENTS

## For the period 22 January 2021 (date of incorporation) to 31 December 2021

### 1 CORPORATE INFORMATION

The Company was incorporated on 22 January 2021 in the United Kingdom and registered in England and Wales. Its registered office is Suite 1, 3rd Floor, 11 - 12 St James's Square, London SW1Y 4LB.

The Company's ordinary shares are listed on AIM, a market regulated by the London Stock Exchange plc.

The principal activity of the Company is that of investment holding in the production and exploration of oil and gas. The financial statements cover the period 22 January 2021 (date of incorporation) to 31 December 2021.

### 2 BASIS OF PREPARATION

The Company meets the definition of a qualifying entity under FRS 100, and as such these financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). The financial statements have been prepared under the historical cost convention.

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own statement of profit or loss and other comprehensive income for the period. The loss attributable to the Company is disclosed in the footnote to the Company's statement of financial position. The auditor's remuneration for the audit is disclosed in Note 12 to the consolidated financial statements. The Company has also applied the following disclosure exemptions under FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment* (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined), as equivalent disclosures are included within the consolidated financial statements;
- all requirements of IFRS 7 *Financial Instruments: Disclosures*, as equivalent disclosures are included in the consolidated financial statements;
- paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- paragraph 38 of IAS 1 *Presentation of Financial Statements* - the requirement to disclose comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1 (a reconciliation of the number of shares outstanding at the beginning and end of the period); and
  - paragraph 73(e) of IAS 16 *Property, Plant and Equipment* (reconciliations between the carrying amount at the beginning and end of the period).
- IAS 7 *Statement of Cash Flows*;
- paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
- paragraph 17 of IAS 24 *Related Party Disclosures* (key management compensation), and the other requirements of that standard to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

### 3 ACCOUNTING POLICIES

The Company's accounting policies are aligned with the Group's accounting policies as set out within the consolidated financial statements, with the addition of the following:

#### Investment in subsidiaries

Investments in subsidiaries are held at cost less any accumulated provision for impairment losses. Investment in subsidiaries also consist of capital contribution by the Company to its subsidiaries by assuming the ownership of the LTIP awards previously granted by the former parent company of the Group following the completion of internal reorganisation on 23 April 2021. The share-based payment reserve of the former parent company as at 23 April 2021 was transferred to the Company.

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, the Directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

The Directors also believe that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 5 INVESTMENT IN SUBSIDIARIES

	USD'000
Unquoted share, at cost	-*
Transfer of share-based payment reserve to the Company following internal reorganisation	25,493
Share-based compensation at subsidiaries	412
	<b>25,905</b>
	<b>25,905</b>

\* Rounded to nearest thousand.

Details of the direct and indirect investments the Company holds are as follows:

Name of the company	Place of incorporation	% voting rights and ordinary shares held 2021	% voting rights and ordinary shares held 2020	Nature of business
<b>Direct</b>				
Jadestone Energy Holdings Ltd <sup>1</sup>	England and Wales	100	-*	Investment holdings
<b>Indirect</b>				
Jadestone Energy (Australia) Pty Ltd <sup>2</sup>	Australia	100	100	Production of oil & gas
Jadestone Energy (Australia Holdings) Pty Ltd <sup>2</sup>	Australia	100	100	Investment holdings
Jadestone Energy (Eagle) Pty Ltd <sup>2</sup>	Australia	100	100	Production of oil & gas
Jadestone Energy Inc. <sup>3</sup>	Canada	100	100	Investment holdings
Jadestone Energy International Holdings Inc. <sup>4</sup>	Canada	100	100	Investment holdings
Jadestone Energy (Lemang) Pte Ltd <sup>5</sup>	Singapore	100	100	Exploration
Jadestone Energy Ltd <sup>6</sup>	Bermuda	100	100	Investment holdings
Jadestone Energy (New Zealand) Ltd <sup>7</sup>	New Zealand	100	100	Production of oil & gas
Jadestone Energy (New Zealand Holdings) Ltd <sup>7</sup>	New Zealand	100	100	Investment holdings
Jadestone Energy (Ogan Komerang) Ltd <sup>8</sup>	Canada	100	100	Production of oil & gas
Mitra Energy (Philippines SC- 56) Ltd <sup>6</sup>	Bermuda	100	100	Exploration
Mitra Energy (Philippines SC- 57) Ltd <sup>9</sup>	BVI	100	100	Exploration
Jadestone Energy (PM) Inc. <sup>10</sup>	Bahamas	100	-**	Production of oil & gas
Jadestone Energy (Singapore) Pte Ltd <sup>5</sup>	Singapore	100	100	Investment holdings
Jadestone Energy Sdn Bhd <sup>11</sup>	Malaysia	100	100	Administration
Jadestone Energy UK Services Ltd <sup>1</sup>	England and Wales	100	-***	Administration
Jadestone Energy (Vietnam) Pte Ltd <sup>5</sup>	Singapore	100	100	Exploration
Mitra Energy (Indonesia BONE) Ltd <sup>9</sup>	BVI	100	100	Exploration
Mitra Energy (Vietnam 05-1) Pte Ltd <sup>5</sup>	Singapore	100	100	Exploration
Mitra Energy (Vietnam Nam Du) Pte Ltd <sup>5</sup>	Singapore	100	100	Exploration
Mitra Energy (Vietnam Tho Chu) Pte Ltd <sup>5</sup>	Singapore	100	100	Exploration

Registered office addresses:

- Suite 1, 3Rd Floor 11 - 12 St James's Square London SW1Y 4LB
- Atrium Building Level 2 168-170 St Georges Terrace, Perth WA 6000, Australia
- 10th Floor, 595 Howe St. Vancouver BC V6C 2T5 Canada
- Suite 2600, Oceanic Plaza 1066 West Hastings St Vancouver, British Columbia V6E 3X1
- 3 Anson Road #13-01, Springleaf Tower, Singapore 079909
- 3rd Floor - Par la Ville Place, 14 Par la Ville Road, Hamilton HM08, Bermuda
- Bell Gully, 171 Featherston Street, Wellington Central, Wellington, 6011, New Zealand
- 1605 Shelbourne St SW Calgary, Alberta T3C 2L2
- Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands
- Ocean Centre, Montagu Foreshore, East bay Street, P.O. Box SS-19084, Nassau, Bahamas
- Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250, Kuala Lumpur, Malaysia

\* Jadestone Energy Holdings Ltd was incorporated on 22 January 2021 for investment holdings purpose.

\*\* Jadestone Energy (PM) Inc. was acquired by the Group from the PenMal Assets acquisition.

\*\*\* Jadestone Energy UK Services Ltd was incorporated on 19 April 2021 for administrative purposes.



## 6 STAFF NUMBER AND COSTS

The Company has one employee employed under the Company during the period.

The aggregate remuneration comprised:

	USD'000
Wages and salaries	104
Social security costs	4
Defined contribution pension costs	-
	<b>108</b>

## 7 RELATED PARTY TRANSACTIONS

During the period, the Company entered into a loan with its subsidiary, Jadestone Energy Holdings Limited, for the purpose of recovering the amount of the consideration shares issued by the Company to former Jadestone Energy Inc. shareholders as part of the internal reorganisation exercise which was completed on 23 April 2021. The loan is non-interest bearing and repayable on demand or at any time, as agreed with the Company, before 21 April 2031.

Amount owing by subsidiaries are mainly related to payments on behalf, and a receipt on behalf of the Company by a subsidiary for the proceeds from issuance of shares during the period. The amount owing by subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Amount owing to a subsidiary is mainly related to advances received for the purpose of depositing the funds into the Company's bank account. The amount owing to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

## 8 SHARE CAPITAL

	No. of shares	USD'000
<b>Issued and fully paid</b>		
As at incorporation date, 22 January 2021, at £1 each	50,000	68
Sub-division of shares, at £0.50 each	50,000	-
Ordinary shares issued during the period, at £0.50 each	464,981,238	321,608
Capital reduction, at £0.499 each	-	(321,117)
<b>As at 31 December 2021</b>	<b>465,081,238</b>	<b>559</b>

On 6 April 2021, the Company sub-divided its ordinary shares into 100,000 units of share, at £0.50 each.

On 4 May 2021, the High Court of Justice, Business and Property Court, Companies Court in England and Wales approved the reduction of share capital of the Company pursuant to section 648 of the Act by cancelling the paid-up capital of the Company to the extent of 49.9 pence on each ordinary share of £0.50 in the issued share capital of the Company. The effective date of the capital reduction was 6 May 2021.

## 9 OTHER PAYABLES

	USD'000
Other payables	1
Accruals	211
	<b>212</b>

Other payables and accruals principally comprise amounts outstanding for non-trade related business expenditures. The average credit period is less than 30 days. For most suppliers, no interest is charged on the payables in the first 30 days from the date of invoice. Thereafter, interest may be charged on outstanding balances at varying rates of interest. The Company has financial risk management policies in place to ensure that all payables are settled within the pre-agreed credit terms.

## 10 EVENTS AFTER THE END OF THE REPORTING PERIOD

### ***Russian military actions***

On 24 February 2022 Russia commenced military actions against Ukraine. Following, multiple countries around the world have imposed different forms of sanctions against Russia. The Group has assessed the sanctions imposed by the countries that the Group is operating within and concluded that the sanctions had no impact to the operations of the Group.

The Group is monitoring the rapidly evolving sanctions situation and will perform regular assessments to identify any potential impact in the future.

### ***Net Zero greenhouse gas emissions target update***

On 1 June 2022, the Company announced its commitment to Net Zero Scope 1 and 2 greenhouse gas emissions from its operated assets by 2040. A key element of the Company's Net Zero commitment will be the development of detailed emissions reduction roadmaps for its operated assets, which will be published in 2023. Jadestone's corporate strategy of maximising recovery from existing fields while minimising their emissions, and a move towards more gas in the portfolio over time, is both responsible and appropriate in the context of managing climate change. This also strikes the right balance in delivering secure and affordable energy in parts of Southeast Asia where either an energy shortage exists or where coal may be used as an alternative. Jadestone believes it can play an important role during this period of energy transition, while also demonstrating resilience and longevity to its business. It is not possible to estimate the financial effect at this time.

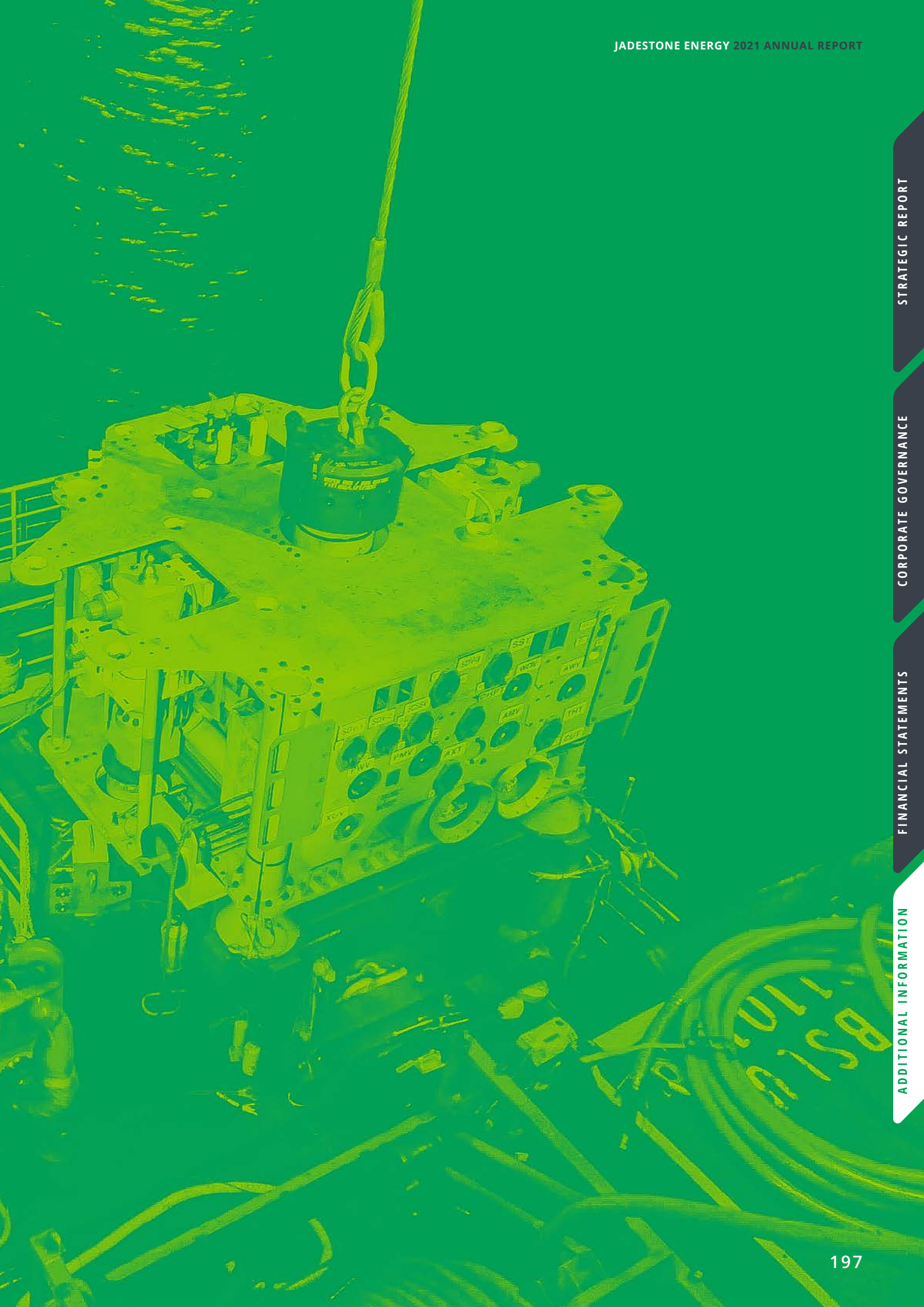


# Additional information

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# Oil and gas reserves

Total Proved plus Probable reserves (net, mmboe)	Australia <sup>1</sup>	Malaysia <sup>2,3,4</sup>	Indonesia	Vietnam	Total Group
Opening balance, 1 January 2021	37.1	-	-	-	37.1
Acquisitions	0.0	12.5	-	-	12.5
Technical revisions	0.1	0.9	-	-	1.0
Production	(3.7)	(2.2)	-	-	(5.9)
Ending balance, 31 December 2021	33.5	11.2	-	-	44.7

As at 31 December 2021, the Group had proved plus probable oil reserves ("2P reserves") of 44.7 mmboe, a 20% increase on the end-2020 figure of 31.7 mmbbls. The primary driver of the increase was the addition of 11.2 mmboe at year-end 2021 in respect of the PenMal Assets acquisition during the year. The combined year-on-year reduction in the reserves at the Stag and Montara fields reflected production during the year. ERC Equipoise Limited independently evaluated the Group's year-end 2021 reserves.

Total 2C Contingent Resources (net, mmboe)	Australia	Malaysia	Indonesia <sup>5</sup>	Vietnam <sup>6</sup>	Total Group
Opening balance, 1 January 2021	-	-	16.8	93.9	110.7
Production	-	-	-	-	-
Acquisitions	-	-	-	-	-
Technical revisions	-	-	-	-	-
Ending balance, 31 December 2021	-	-	16.8	93.9	110.7

The Group's best case contingent resources ("2C resources") were unchanged year-on-year at 110.7 mmboe. Of this figure, the Akatara gas field development comprises 16.8 mmboe. The Group anticipates that the Akatara gas field 2C resources will be converted to 2P reserves following development sanction of the project.

1 Proven and Probable Reserves for Jadestone's Australian assets have been prepared in accordance with the Canadian Oil and Gas Evaluation ("COGE") Handbook as the standard for classification and reporting. Jadestone does not believe that there are significant differences between the COGE standard and the 2018 guidelines endorsed by SPE, WPC, AAPG and SPEE Petroleum Resource Management System.

2 Proven and Probable Reserves for Jadestone's Malaysia assets have been prepared in accordance with the 2018 guidelines endorsed by SPE, WPC, AAPG and SPEE Petroleum Resource Management System.

3 Assumes oil equivalent conversion factor of 6,000 scf/boe.

4 The acquired 2P Reserves in Malaysia are based on an effective date of 1 January 2021. As such, the production figure of 2.2 mmboe in the table above reflects production over the calendar year 2021. Jadestone's reported production for 2021 of 12,545 boe/d includes production from the PenMal Assets from the completion of the assets (1 August 2021). The positive revision of 0.9 mmboe reflects an extension of economic life on the back of higher oil prices.

5 Lemang PSC 2C resources based on ERCE Competent Person's Report effective 31 December 2020.

6 Vietnam 2C resources based on ERCE Competent Person's Report effective 31 December 2017.

## Licence Interests

Block	Licence	Acreage	Fields	Region	Location	Water depth	Operator	Working interest
<b>Australia</b>								
Montara	AC/L7, AC/L8	672km <sup>2</sup>	Montara, Swift/Swallow, Skua	Timor Sea	Offshore	77m	Jadestone	100%
Stag	WA-15-L	160km <sup>2</sup>	Stag	Carnarvon Basin	Offshore	47m	Jadestone	100%
<b>Malaysia</b>								
PM323	PM323	1,304km <sup>2</sup>	East Belamut, Chermingat, West Belamut	Malay Basin	Offshore	72m	Jadestone	60%
PM329	PM329	387km <sup>2</sup>	East Piatu	Malay Basin	Offshore	63m	Jadestone	70%
PM318/AAKBNLP	PM318/AAKBNLP	1,698km <sup>2</sup>	North Lukut, Penara, Puteri	Malay Basin	Offshore	59-70m	Petronas	50%
<b>Indonesia</b>								
Lemang	Lemang PSC	743km <sup>2</sup>	Akatara	South Sumatra	Onshore	n/a	Jadestone	90%
<b>Vietnam</b>								
Block 46/07	Block 46/07	2,622km <sup>2</sup>	Nam Du	Malay/Tho Chu Basin	Offshore	48m	Jadestone	100%
Block 51	Block 51	887km <sup>2</sup>	U Minh, Tho Chu	Malay/Tho Chu Basin	Offshore	64m	Jadestone	100%

## Pending acquisition<sup>1</sup>

Block	Licence	Acreage	Fields	Region	Location	Water depth	Operator	Working interest
<b>New Zealand</b>								
Maari	Permit 38160	34km <sup>2</sup>	Maari, Manaia	Taranaki Basin	Offshore	100m	Jadestone <sup>1</sup>	69%

<sup>1</sup> Subject to completion of acquisition and transfer of operatorship. As of 28 February 2021, the Maari field had independently assessed 2P reserves of 10.6 mmbbls, net to the 69% working interest. The Maari field produced 1,480,305 barrels of oil (gross) between 1 March 2021 and 31 December 2021, or 1,021,410 net to the 69% working interest.





# Report on payments to Governments for the year ended 31 December 2021

This report sets out details of the payments made to governments by Jadestone Energy plc and its subsidiary undertakings for the year ended 31 December 2021.

This information is required under the Disclosure and Transparency Rules of the UK Financial Conduct Authority and is provided in accordance with Jadestone's interpretation of the Industry Guidance issued for the UK's Report on Payments to Governments Regulations 2014, as amended in December 2015 (the "Regulations").

The Regulations require payments to governments to be disclosed on the following basis:

- Categories
  - i. production entitlements;
  - ii. taxes levied on the income, production or profits of companies (excluding taxes levied on consumption such as value added taxes, personal income taxes or sales taxes);
  - iii. royalties;
  - iv. dividends (other than where paid to the government as an ordinary shareholder which is paid on the same terms as the other ordinary shareholders);
  - v. signature, discovery and production bonuses;
  - vi. licence/rental fees; and
  - vii. payments for infrastructure improvements.

- Single payments of less than GBP86,000 need not be disclosed in the report, nor does any payment forming part of a series of related payments within a financial year where the total amount is less than GBP86,000.
- Where payments in kind are made to a government, the report must state their value and, where applicable, the volume of those payments.
- 'government' means any national, regional or local authority of a country, and includes a department, agency or undertaking that is a subsidiary undertaking where the authority is the parent undertaking.

The following tables set out the Group's payments to governments for 2021 based on the principles above. Payments to governments in Indonesia and New Zealand were below the reporting threshold.

All figures are in US\$, with original amounts translated at the average exchange rate for the prior month.

## Payments by payee

Country	Payee	Fees	Taxes	Royalties	Totals
Australia	Australian Tax Office	0	12,039,003	0	12,039,003
	NOPSEMA	1,553,674	0	0	1,553,674
	Bureau of Meteorology	122,458	0	0	122,458
Malaysia	PETRONAS	0	0	7,159,812	7,159,812
	Malaysia Tax Office	0	3,693,429	0	3,693,429
Vietnam	Petrovietnam	400,000	0	0	400,000
<b>Total</b>		<b>2,076,132</b>	<b>15,732,432</b>	<b>7,159,812</b>	<b>24,968,377</b>

## Payment by project

Country	Project	Fees	Taxes	Royalties	Totals
Australia	Montara	947,774	0	0	947,774
	Stag	728,358	1,127,489	0	1,855,847
	Non-project related <sup>1</sup>	0	10,911,514	0	10,911,514
Malaysia	PM329	0	1,102,054	3,248,075	4,350,129
	PM323	0	2,591,375	1,884,005	4,475,380
	PM318	0	0	1,049,311	1,049,311
	AAKBNLP	0	0	978,422	978,422
Vietnam	Block 46/07	200,000	0	0	200,000
	Block 51	200,000	0	0	200,000
<b>Total</b>		<b>2,076,132</b>	<b>15,732,432</b>	<b>7,159,812</b>	<b>24,968,377</b>

<sup>1</sup> Australia tax plan instalments and pay as you go amounts during the year ended 31 December 2021.

## 2021 Annual Report glossary

<b>2C resources, 2C</b>	best estimate contingent resource, being quantities of hydrocarbons which are estimated, on a given date, to be potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable	<b>DD&amp;A</b>	depletion, depreciation and amortisation
<b>2P reserves, 2P</b>	the sum of proved and probable reserves, reflecting those reserves with 50% probability of quantities actually recovered being equal or greater to the sum of estimated proved plus probable reserves	<b>DFI</b>	designated foreign issuer
<b>AAKBNLP</b>	Abu, Abu Kecil, Bubu, North Lukut, and Penara oilfields	<b>direct energy</b>	energy generated onsite at Company facilities
<b>AIM</b>	Alternative Investment Market	<b>the Directors</b>	the directors of Jadestone Energy plc
<b>the AIM Rules</b>	the AIM Rules for Companies 2021	<b>E&amp;P</b>	exploration and production
<b>AGM</b>	annual general meeting	<b>EBITDAX</b>	earnings before interest tax, depreciation, amortisation and exploration
<b>ALARP</b>	as low as reasonably practical	<b>EIA</b>	environmental impact assessment
<b>ANZECC/ ARMCANZ</b>	Australian and New Zealand Environment and Conservation Council/Agriculture and Resource Management Council of Australia and New Zealand.	<b>EP</b>	environment plan
<b>APAC</b>	the Asia-Pacific region	<b>FDP</b>	field development plan
<b>API</b>	American Petroleum Institute gravity	<b>FPSO</b>	floating production storage and offloading vessel
<b>bbl</b>	barrel	<b>HSE</b>	health, safety and environment
<b>bbls/d</b>	barrels per day	<b>HSEC</b>	health, safety, environment and climate
<b>BCSC</b>	British Columbia Securities Commission	<b>HSE MS</b>	health, safety and environment management system
<b>BMS</b>	business management system	<b>HSR</b>	health and safety representatives
<b>the Board</b>	the board of directors of Jadestone Energy plc	<b>HSSEC</b>	health, safety, social, environmental and climate
<b>boe/d</b>	barrels of oil equivalent per day	<b>emissions intensity</b>	emissions intensity
<b>CAM</b>	competency assurance and management	<b>EPCI</b>	engineering, procurement, construction and installation
<b>carbon dioxide equivalent (or CO<sub>2</sub>-e)</b>	standard unit used to compare and account for emissions from various GHGs based on their global warming potential	<b>ESG</b>	environmental, social and governance
<b>carbon offsets</b>	a reduction in GHG emissions or an increase in carbon storage (e.g., through land restoration or the planting of trees) that is used to compensate for GHG emissions that occur elsewhere	<b>FID</b>	final investment decision
<b>CCWG</b>	Climate Change Working Group	<b>fugitive emissions</b>	losses, leaks and other releases of gases such as methane and carbon dioxide to the atmosphere that are associated with industries producing natural gas, oil and coal
<b>CEO</b>	Chief Executive Officer	<b>FSO</b>	floating storage and offloading vessel
<b>CFO</b>	Chief Financial Officer	<b>GBp</b>	British pence
<b>the Company</b>	Jadestone Energy plc	<b>GHG</b>	Greenhouse gases, with three main gases including carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ) and nitrous oxide N <sub>2</sub> O.
<b>COP</b>	Conference of the Parties is the supreme decision making body to the United Nations Framework Convention on Climate Change. COP 21 was in Paris and COP 26 was in Glasgow.	<b>GRI</b>	Global Reporting Initiative
<b>COVID-19</b>	an infectious disease caused by the SARS-CoV-2 virus	<b>the Group</b>	Jadestone Energy plc and its subsidiaries
<b>CSR</b>	corporate social responsibility	<b>GSA</b>	gas sales agreement
		<b>GWP</b>	global warming potential
		<b>HIPO</b>	Any incident or near miss that could, in other circumstances, have realistically resulted in one or more fatalities
		<b>HR</b>	human resources
		<b>IEA</b>	International Energy Agency
		<b>IEA APS</b>	IEA Announced Pledges Scenario
		<b>IEA NZE</b>	IEA Net Zero Emissions Scenario
		<b>IEA SDS</b>	IEA Sustainable Development Scenario



<b>IEA STEPS</b>	IEA Stated Policies Scenario
<b>IEA WEO</b>	IEA World Energy Outlook
<b>IFRS</b>	International Financial Reporting Standards
<b>indirect energy</b>	energy generated offsite and purchased by the Company
<b>IOGP</b>	International Association of Oil & Gas Producers
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>IPIECA</b>	originally the “International Petroleum Industry Environmental Conservation Association”
<b>ISO</b>	International Organisation for Standardisation
<b>IT</b>	information technology
<b>Jadestone or Jadestone plc</b>	Jadestone Energy plc
<b>kbopd</b>	thousands of barrels of oil per day
<b>kboepd</b>	thousands of barrels of oil equivalent per day
<b>KPIs</b>	key performance indicators
<b>LMT</b>	likely material topics
<b>LPG</b>	liquified petroleum gas
<b>LTI</b>	long-term incentive or lost time injury
<b>MACC</b>	marginal abatement cost curve
<b>MAR</b>	Market Abuse Regulation
<b>mcf</b>	thousand cubic feet of natural gas
<b>M&amp;A</b>	mergers and acquisitions
<b>mmbbls/d</b>	million barrels per day
<b>mmboe</b>	millions of barrels of oil equivalent
<b>MODU</b>	mobile offshore drilling unit
<b>nature-based solutions</b>	rely on functioning ecosystems as infrastructure to provide natural services to benefit society and the environment
<b>Net Zero</b>	the state reached when an organisation’s GHG emissions are reduced in line with the goals of the Paris Agreement, and any remaining emissions that cannot be further reduced are fully neutralised by like-for-like permanent removals.
<b>NETTS</b>	National Energy Technician Training Scheme
<b>NGERS</b>	National Greenhouse and Energy Reporting scheme
<b>NGO</b>	non-governmental organisation
<b>NOPSEMA</b>	The National Offshore Petroleum Safety and Environmental Management Authority
<b>NOx</b>	nitrogen oxides
<b>NPV</b>	net present value
<b>OECD</b>	Organisation for Economic Co-operation and Development

<b>OHS</b>	occupational health and safety
<b>OIW</b>	oil-in-water
<b>OMV</b>	OMV Group
<b>OPEC</b>	Organisation of Petroleum Exporting Countries
<b>OPEC+</b>	the 13 OPEC members and 10 of the world’s major non-OPEC oil-exporting nations
<b>the Paris Agreement</b>	a legally binding international treaty on climate change.
<b>PenMal Assets</b>	collectively, the assets acquired offshore Peninsular Malaysia by Jadestone in 2021
<b>PETRONAS</b>	Petroleum Nasional Berhad
<b>produced water</b>	water produced from the reservoir with crude oil
<b>PRRT</b>	Petroleum Resource Rent Tax
<b>PSC</b>	production sharing contract
<b>PVN</b>	Petrovietnam
<b>QCA</b>	Quoted Companies Alliance
<b>RBL</b>	reserves based loan
<b>RCP</b>	representative concentration pathways
<b>RSU</b>	restricted stock unit
<b>SapuraOMV</b>	SapuraOMV Upstream Sdn. Bhd.
<b>SASB</b>	Sustainability Accounting Standards Board
<b>scf</b>	standard cubic feet of gas
<b>Scope 1, 2 and 3 GHG emissions</b>	direct operational emissions (Scope 1), indirect emissions from purchased energy (Scope 2) and remaining indirect GHG emissions emitted across the value chain (Scope 3)
<b>SECR</b>	Streamlined Energy and Carbon Reporting
<b>Section 172</b>	Section 172 of the Companies Act 2006
<b>SID</b>	senior independent director
<b>SOx</b>	sulphur oxides
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures
<b>TRIFR</b>	total recordable incident frequency rate
<b>UN</b>	United Nations
<b>UN SDGs</b>	UN Sustainable Development Goals
<b>US\$</b>	United States dollar
<b>Valaris</b>	Valaris Limited
<b>VOC</b>	volatile organic compound
<b>WEF</b>	World Economic Forum

# Shareholder information

## Head office

**Jadestone Energy plc**  
3 Anson Road  
#13-01 Springleaf Tower  
Singapore 079909

## Investor Relations

**Jadestone Energy plc**  
ir@jadestone-energy.com

## Nominated Adviser and Joint Broker

**Stifel Nicolaus Europe Limited**  
150 Cheapside  
London, UK, EC2V 6ET  
Phone (UK): +44 (0) 20 7710 7600

## Joint Broker

**Jefferies International Limited**  
100 Bishopsgate  
London, UK, EC2N 4JL  
Phone (UK): +44 (0) 20 7029 8000

## Public Relations Adviser

**CAMARCO**  
3rd Floor, Cannongate House  
62-64 Cannon Street  
London, UK, EC4N 6AE  
Phone (UK): +44 (0) 203 757 4980  
jse@camarco.co.uk

## Registrar

**Computershare Investor Services plc**  
The Pavilions  
Bridgwater Road  
Bristol, UK, BS99 6ZZ  
UK: +44 (0)370 702 0000

## Auditors

**Deloitte & Touche LLP**  
Deloitte & Touche House  
Charlotte's Quay  
Limerick  
Ireland, V94 X63C

## Solicitors

**Bryan Cave Leighton Paisner LLP**  
Adelaide House  
London Bridge  
London, UK, EC4R 9HA

## Competent Person

**ERC Equipoise Limited**  
6th Floor, Stephenson House  
2 Cherry Orchard Road  
Croydon  
London, UK, CR0 6BA  
Tel : +44 (0) 20 8256 1150  
enquiries@erce.energy



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



