Singapore (FSCwire) - Jadestone Energy Inc. (TSXV:“JSE”) (“Jadestone” or the “Company”), formerly Mitra Energy Inc., reported full year operating and financial results for the period to March 31, 2017 today.

Highlights include:

- Crude oil production of 385,394 bbls (net working interest) from the Stag Oilfield (for the period from November 11, 2016) and from the Ogan Komering PSC (March 2017) and natural gas production of 15,629 boe from Ogan Komering (March 2017);
- Revenue of US$35.1 million arising from two crude oil liftings during the period since Jadestone acquired Stag, plus March sales from Ogan Komering;
- Net cash flow used in operations of US$8.4 million for the year, a significant improvement on the aggregate US$11.9 million used in the prior year;
- Non-recurring expenses of US$21.3 million as management continues to execute the turnaround and strategic reset from an early stage exploration business to an emphasis on production and near-term development that leverages the new management’s deep experience as a second phase operator in the region;
- 2P reserves at year end of 17.8 million barrels of oil at Stag, an increase of more than 3.5 million barrels from the time the acquisition was announced, and excluding any reserves at Ogan Komering as these will be finalized alongside participation in the planned new PSC;
- The Company also has 135 million barrels of oil equivalent (boe) of 2C resource (net), an increase of 33 million boe or around 24% of total enlarged 2C resources, arising from the decision of Petrovietnam Exploration Production Corporation (“PVEP”) to focus on its two larger domestic projects amid a resource constrained environment; and
- Solid financial liquidity including US$14.5 million cash at bank, free cashflow generating production at Stag and Ogan Komering even at low oil prices, and the US$28 million convertible bond that remained undrawn at financial year end.

“With support from our major shareholders, we took on the former Mitra Energy exploration platform 12 months ago and launched a new business strategy focused on Asia Pacific and targeting value growth, through both organic and inorganic means, by active investment in producing fields and stranded undeveloped discoveries. We believe that by deploying our extensive operating experience gained at Talisman over the past 15 years, especially in managing mid-life assets, we will deliver exceptional value and superior returns,” said Chairman and CEO Paul Blakeley.

“In pursuit of these objectives we have embarked on a year of turnaround and transformation. We acquired two producing assets, including one former Talisman asset, that are cashflow resilient at lower oil prices, we relinquished all high-risk and long dated exploration acreage, we re-shaped and reduced the organisation to be more focused and fit-for-purpose, and we closed out a number of legacy business issues. As we look to the second half of 2017, these are all now largely behind us. But as a result, the past 12 months have seen a number of non-recurring and re-structuring costs which have impacted our balance sheet.”

“Following transfer of operatorship of the Stag Oilfield on July 10, I’m excited by the opportunities for us to unlock value and expect to be able to report more on that in the coming months. In the meantime, we will continue to constrain our spending, living within our means, working hard on new efficiencies by further reducing operating costs, and continuing our efforts to address general and administrative expenses".

Production at Stag averaged 2,520 barrels a day during the 141 days of the period that we owned the asset. It has been negatively impacted in the year by downtime associated with workover repairs on the 21H, 36H, 37H and 44H wells, as well as extended shut-ins of wells 36H and 37H due to casing integrity issues. There was also a total of 14 days where operational activities were suspended (wells shut in) due to adverse weather. Today, production is running at 3,532 bbls/day, up over 1,000 bbls/day, delivered as a result of deploying our prior extensive operating experience and by a reinvigorated focus on the day-to-day operations by the offshore teams.

In Indonesia, following the acquisition of the 50% working interest in the Ogan Komering PSC, Jadestone has been working alongside Pertamina in the Joint Operating Body to maintain production and enhance cost optimization without compromising HSE standards. One key highlight has been the achievement of a higher gas price for AAK, increasing from US$5.95/mm BTU up to US$8.27/mm BTU. During March, production at Ogan Komering PSC averaged 1,475boe/d (net to Jadestone).

Following the recent decision by PVEP to relinquish its 30% working interests in blocks 46/07 and 51, Jadestone now has the ability to further accelerate the development of Nam Du and U Minh as a standalone development. This is the Company’s preferred solution, as it substantially simplifies the required facilities without the challenges from PVEP’s adjacent block 46/13 gas with high CO_2 content.

A revised overall development plan is being advanced and we plan to submit a new draft to PVN in the next quarter. As planned, Jadestone has begun discussions on commercial principles with EPC providers, gas buyers, regulators and other stakeholders as we enter the define phase of the project.

Overall, across the portfolio, relinquishment of long dated, high risk exploration has continued. In May 2017, Jadestone agreed to withdraw from the Bone PSC offshore Sulawesi, transferring its 60% working interest and operatorship of the block to its partner. In June 2017, PVN approved Jadestone’s relinquishment of Vietnamese block MVHN/12KS, an exploration block that Mitra acquired as a shale gas PSC.

Closing of the Company's purchase of a 30% working interest in Vietnam Block 05-1b&c PSC from Teikoku Oil (Con Son) Co., Ltd, a wholly owned subsidiary of Inpex Corporation, remains subject to the statutory pre-emption right held by PVN, along with Vietnamese government approvals, and is an opportunity that we continue to pursue.

JSE reported an operating loss for the year of US$35.1 million compared to an operating loss of US$19.2 million for the 2016 financial year. This result reflects only 141 days of production from Stag, while the underlying business costs, including restructuring costs, have been incurred for the full year.

Stag’s revenue during the year was directly impacted by the well workovers and extended production downtime mentioned above. Additionally, we remained subject to Quadrant Energy’s Stag allocated operating costs during the extended Australian regulatory approval process, while the Company invested in its own team in Perth ready to take operatorship of the asset. The Company incurred US$5.3 million of elevated workover costs during the year, or US$14.84/barrel, due to a more intensive level of activity in the period, as well as non-cash depletion costs of US$10.80/barrel.

The results also reflect US$21.2 million of non-recurring charges including a US$8.5 million non-cash writedown of exploration associated with the carrying value of Bone PSC and block MVHN/12KS, and a further US$1.7 million non-cash writedown to Vietnamese casings acquired several years ago by the previous management and held as inventory. There is US$3.6 million of additional Stag related costs associated with having Quadrant as operator and the elevated workover costs incremental to the customary costs associated with a standard ESP replacement and the associated activity, US$3.1 million of termination payments to rightsize the organisation and make the business fit-for-purpose, and another US$4.4 million of other non-recurring staff and operating costs.

Investing activities in the year amounted to a cash outflow of US$25.3 million, largely due to the US$10 million acquisition of Stag, plus working capital adjustments which included US$8.9 million of crude oil inventory, and the US$1.6 million acquisition of Ogan Komering. Exploration spend contracted from US$7.8 million in 2016 to US$4.2 million with a further contraction expected in the coming year. Financing activities for the year totaled US$39.5 million cash inflow, arising from the November 2016 non-brokered private placement of US$40 million.

The Company has US$14.5 million cash, plus the US$28 million convertible bond facility which remained undrawn at year end. Subsequent to year end, the Company has drawn down US$15 million of the convertible bond facility to fund capex and for related corporate purposes.

Stag is expected to be operating free cashflow positive for the second half of 2017, along with Ogan Komering. As a result of the extended regulatory approval process in Australia, whereby Jadestone secured operatorship of Stag on July 10, and amid the current volatile oil price environment, the Company is likely to delay drilling the first infill well until 2018.

“Jadestone is now an accepted and qualified production operator in both Australia and Indonesia, with its first proved and probable reserves on the books. There has been a cost in achieving these notable milestones, not least a significant period of elevated cost during the period of Quadrant remaining as operator of the Stag field while we carried our own Perth office costs, as well as a number of non-recurring restructuring costs. However, with this now largely behind us, we are set for a great future and one where we will see increasing business efficiency and improving metrics as we continue to take charge of our destiny,” said Paul Blakeley. “We are generating significant free cash today, as we predicted, and the business will now stand on its own, with all the right key people in place ready for the next steps in delivering a high value independent oil and gas company in Asia Pacific.

Selected Financial Information

The following table provides selected financial information of the Company, which was derived from, and should be read in conjunction with, the audited financial statements for the year ended March 31, 2017:

Quarterly comparison	Mar 2017 Qtr	Mar 2016 Qtr	Change (%)
Production, mboe	260.1	-	-
Sales, mboe			

307.4

Average realized oil price, US$/bbl	57.12	-	-
Sales revenue, US$ million	17.3	-	-
Capital expenditure[1], US$ million	2.7	1.2	120.3%
Quarterly comparison	Mar 2017 Qtr	Dec 2016 Qtr	Change (%)
Production, mboe	260.1	140.9	84.6%
Sales, mboe	307.4	380.5	-19.2%
Average realized oil price, US$/bbl	57.12	47.13	21.2%
Sales revenue, US$ million	17.3	17.9	-3.8%
Capital expenditure[1], US$ million	2.7	1.3	106.9%
Yearly comparison	Year to Mar 2017	Year to Mar 2016	Change (%)
Production, mboe	431.1	-	-
Sales, mboe	687.9	-	-
Average realized oil price, US$/bbl	51.46	-	-
Sales revenue, US$ million	35.1	-	-
Capital expenditure[1], US$ million	5.2	7.9	-35.1%

[1] Payment for oil and gas property, plant and equipment and intangible exploration assets. Excludes acquisition related capital expenditure.

The management team will today host an investor and analyst conference call at 10:00 p.m. (Singapore), 15.00 p.m. (London), and 10.00 a.m. (Toronto) on Thursday, 27 July 2017, including a question and answer session.

Conference Call Confirmation Code: 9661235

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The live webcast of the presentation will be available at:

https://edge.media-server.com/m6/p/j3gxnf85

Please register approximately 15 minutes prior to the start of the call. 2017 audited financial results for the year ended 31 March 2017 will be available on the Company’s website at: http://www.jadestone-energy.com/investor-relations/

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About Jadestone Energy Inc.

Jadestone Energy Inc. is TSX-V listed oil and gas company headquartered in Singapore. The Company is currently engaged in production, development and exploration and appraisal activities in Australia, Indonesia, Vietnam and the Philippines. Following a recent strategic review, the Company is focusing on acquiring assets with production in the near term, and where significant follow-on reinvestment opportunities exist to enhance value, as well as undeveloped discoveries which may be rapidly brought to production.

Cautionary Statements

This press release contains certain forward-looking information and forward-looking statements (collectively, "forward-looking information") that involves various risks, uncertainties and other factors. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "should", "believe", "plans", and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information relating to the Company’s expectations of free cashflow generating production at Stag and Ogan Komering; the Company’s plan to further accelerate the development of Nam Du and U Minh as a standalone development; the submission of a new draft to PVN in the next quarter; the closing of the Company's purchase of a 30% working interest in Vietnam Block 05-1b&c PSC from Teikoku Oil (Con Son) Co., Ltd, a wholly owned subsidiary of Inpex Corporation; the Company’s drilling of the first infill well in 2018; and increases in business efficiency and improvement in metrics.

Actual results could differ materially from those anticipated in the forward-looking information as a result of risks including general economic, business and industry conditions; actions by governmental authorities, including changes in government regulation, royalties and taxation; the management of the Company's growth; changes in the interpretation and enforcement of applicable laws and regulations; reassessment by taxing authorities of the Company's prior transactions and filings; and potential for litigation.

The forward-looking information contained in this news release speaks only as of the date hereof. The Company does not assume any obligation to publicly update the information, except as may be required pursuant to applicable laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

To view this press release as a PDF file, click onto the following link:
public://news_release_pdf/JadestoneJuly172017.pdf

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