

Singapore (FSCwire) - [Jadestone Energy Inc.](#) (TSXV:“JSE”) (“Jadestone” or the “Company”), formerly Mitra Energy Inc., reported today its condensed consolidated interim unaudited financial results for the quarter ended June 30, 2017.

Highlights include:

- Total liquids production of 322,790 bbls for the quarter from the Stag Oilfield and from the Ogan Komering PSC, and natural gas production of 279,514 mmbtu from Ogan Komering, for a total average production of 4,059 boe/d (net working interest) for the quarter;
- Revenue of US\$18.1 million arising from one crude oil lifting of 227,486 bbls from Stag on May 25, plus ongoing sales from Ogan Komering;
- Net cash flow used in operations of US\$8.1 million for the quarter, versus US\$3.7 million used in the same quarter a year ago;
- Higher well workover costs of US\$9.2 million arising from three well workovers in the quarter, compared to the planned estimate of six per annum, including work to address casing integrity issues found earlier at two of the three wells;
- Other net non-recurring costs and capex of US\$1.0 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 new management’s deep experience as a second phase operator in the region; and
- Solid financial liquidity including US\$15.1 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 of which US\$13 million remains undrawn.

“The June quarter was the last full quarter with the Stag Oilfield under the transitional operatorship of the previous operator. During this period, in addition to Quadrant’s time costs and charges while our team waited to take over operatorship, there were two major well workovers undertaken, as well as a third more straightforward well workover, and the completion of a significant amount of work required to obtain the necessary regulatory approvals with the Australian regulator, NOPSEMA, and title office, NOPTA”, said Chairman and CEO Paul Blakeley.

“As a result, we have incurred significant non-recurring and re-structuring costs which have had an impact on financial results during an extended period of production downtime. Nevertheless, with Stag operatorship transferred on July 10, I’m excited by the opportunities for us to accelerate value creation with this asset, while constraining 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 2,570 barrels a day during the quarter. It has been negatively impacted in the quarter by downtime associated with the three well workover repairs on the 25H, 36H, and 37H wells. Wells 36H and 37H experienced extended shut-ins due to casing integrity issues. Stag has had five well workovers in the first seven-and-a-half months while under transitional operatorship of the previous operator, three in the current quarter.

Since operatorship transfer, from the period July 10 to August 28, production has averaged 3,200 bbls/day, up over 24% from the June quarter, 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.

Ogan Komering PSC recently surpassed 2.5 million manhours without a lost time incident. Additional value has been realised from the back-payment arising from the increase in the AAK gas price from US\$5.94/mmbtu to US\$8.27/mmbtu. Ongoing process modification of the Mandala gas development is projected to boost sales gas production by 8%, with further potential increases by re-perforating shallow reservoirs in existing wells.

Each of these elements illustrate how Jadestone continues to work alongside Pertamina in the Joint Operating Body to enhance production and revenue and optimise costs, without compromising HSE standards. In Q1 2018, production at Ogan Komering PSC averaged 1,489 boe/d (net working interest, to Jadestone).

Preparatory negotiations have begun with the aim of participating in the new Ogan Komering PSC, and good progress has been made. With regard to the new PSC terms, the Indonesian Government has elected to review the gross split policy to determine where improvements need to be made to the terms in order to ensure competitiveness, following feedback from the industry.

Jadestone continues to accelerate the development of Nam Du (block 46/07) and U Minh (block 51) fields as a standalone

development. The revised overall development plan is being finalised and we plan to submit a new draft to PVN within the next month. The Company received notification this month that its latest application for a one-year extension on the block 46/07 PSC exploration phase two has been approved, effective to June 29, 2018.

As previously noted, the Company continues its efforts to relinquish long dated, high risk, non-carried exploration, with the withdrawal from the Bone PSC in May and the transfer of the Company's 60% working interest and operatorship to the partner in the block. 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 Inpex Corporation remains subject to the statutory pre-emption right held by PVN, along with Vietnamese government approvals. The Company remains engaged with Inpex to satisfy the outstanding conditions precedent under the purchase agreement, but there is no certainty the Company can close the transaction.

JSE reported an operating loss before interest, tax and other income for the quarter of US\$13.3 million compared to an operating loss of US\$5.3 million for the same three-month period to June 30, 2016. This result reflects a high level of abnormal and non-recurring costs at Stag, together with a significantly lower production, due to the three workovers in the quarter.

The Company incurred US\$9.2 million of elevated workover costs during the quarter, or US\$24.94/barrel, due to a more intensive level of activity in the period, as well as non-cash depletion costs of US\$10.44/barrel.

The results reflect US\$7.9 million of non-recurring charges including the higher than planned workover costs and the costs associated with having Quadrant as operator while Jadestone prepared to take over operatorship, and US\$0.3 million of termination payments as efforts continue to rightsize the organisation and make the business fit-for-purpose.

Investing activities for the quarter amounted to a cash outflow of US\$0.6 million, largely due to investment at Stag leading up to the transfer of operatorship. Exploration spend continues to contract, with less than US\$0.05 million spent in the quarter. Financing activities for the quarter totalled US\$9.5 million cash inflow arising from the US\$10.0 million drawdown on the convertible bond.

The Company has US\$15.1 million cash, plus the US\$28 million convertible bond facility of which US\$13 million remains undrawn.

Stag is expected to be operating free cashflow positive for the second half of 2017, along with Ogan Komering.

"The June quarter was the last full quarter where Stag remained in the hands of the previous operator. It has been a period of significant elevated costs while Jadestone has completed its regulatory approval applications in preparation to take operatorship, and while the field has undergone three workovers and experienced significant downtime. With this now behind us, and with production and costs at Stag moving into the range we always anticipated, we are set for a more sustainable future and one where we can start to focus on further growth, both organically as well as with select acquisitions, consistent with our strategic objectives. There is still more business efficiency and improved performance to derive from Stag and Ogan Komering, and moving our Vietnam discovered gas to development will also be a key area of focus, as we finally get to take charge of our destiny across the whole portfolio," said Paul Blakeley.

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 condensed consolidated interim unaudited financial statements for the quarter ended June 30, 2017:

Quarterly comparison	Jun 2017 Qtr	Jun 2016 Qtr	Change (%)
Production, mboe	369.4	-	-
Sales, mboe	363.0	-	-
Avg realized liquids price, US\$/bbl	50.64	-	-
Sales revenue, US\$ million	18.1	-	-
Capital expenditure ¹ , US\$ million	0.7	0.9	-19.9%
Quarterly comparison			

Production, mboe	369.4	260.1	42.0%
Sales, mboe	363.0	307.4	18.1%
Avg realized liquids price, US\$/bbl	50.64	57.12	-11.3%
Sales revenue, US\$ million	18.1	17.2	5.4%
Capital expenditure ¹ , US\$ million	0.7	2.7	-74.4%
Yearly comparison	Year to Jun 2017	Year to Jun 2016	Change (%)
Production, mboe	369.4	-	-
Sales, mboe	363.0	-	-
Avg realized liquids price, US\$/bbl	50.64	-	-
Sales revenue, US\$ million	18.1	-	-
Capital expenditure ¹ , US\$ million	0.7	0.9	-19.9%

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

The management team will host an investor and analyst webcast at 10:00 p.m. (Singapore), 15:00 p.m. (London), and 10:00 a.m. (Toronto) on Tuesday August 29, 2017, including a question and answer session, at the below webcast link. Dial-in details are provided below. Please register approximately 15 minutes prior to the start of the call. The quarterly results for the period ended June 30, 2017 will be available on the Company's website at:

<http://www.jadestone-energy.com/investor-relations/>

Webcast Link: <https://edge.media-server.com/m6/p/besx7r2r>

Event conference title: Jadestone Energy Q1 2018 Results Briefing

Start time/date: 10:00am Toronto time, Tuesday August 29, 2017

Confirmation code: 1611690

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Australia	Tollfree/Freephone	1 800 573 793
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France, Paris	Local	+33 (0)1 76 77 22 74
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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

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

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

Certain statements in this press release are forward looking statements and information (collectively "forward looking statements"), within the meaning of the applicable Canadian securities legislation, as well as other applicable international securities laws. The forward looking statements contained in this press release are forward-looking and not historical facts.

Some of the forward looking statements may be identified by statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "is targeting", "estimated", "intend", "plan", "guidance", "objective", "projection", "aim", "goals", "target", "schedules", and "outlook").

In particular, forward-looking statements in this press release include, but are not limited to statements regarding the ODP revision for Nam Du/U Minh to reflect a standalone development; the acceleration of commercialisation based on Jadestone's preferred path; the delay of the 46/07 commitment well to align with development drilling; the close engagement with Pertamina and high level Government officials on JSE's participation in the Ogan Komeri PSC beyond expiry; the negotiation of improved Gross Split PSC terms in the new PSC; the Company's efforts to continue to exit non-strategic exploration; the Company's future exploration activities including no significant incremental exploration activity for the remainder of the year; and the resolution of PVN pre-emption of 05-1b&c.

Because actual results or outcomes could differ materially from those expressed in any forward looking statements, investors should not place undue reliance on any such forward looking statements. By their nature, forward looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes will not occur. Some of these risks, uncertainties and other factors are similar to those faced by other oil and gas companies and some are unique to Jadestone.

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

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.

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