

# Jadestone Energy Inc Announces Results for the Period Ending June 30, 2019

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*Record second quarter cash from operations and almost US\$100 million cash from operations in the first six months of 2019*

SINGAPORE, August 28, 2019 - [Jadestone Energy Inc.](#) (AIM:JSE, TSXV:JSE) (Jadestone), an independent oil and gas production company focused on the Asia Pacific region, reported today its consolidated interim unaudited results, as at and for the three-month and six-month period ended June 30, 2019.

## Financial highlights

- Net revenue during the second quarter of US\$115.3mm, more than double Q1 2019 and nearly seven times Q2 2018. Net revenue for the six-month period to June 30, 2019 was US\$171.7mm compared to US\$35.8mm for H1 2018;
- Positive cash generated from operations of US\$59.3mm, before changes in working capital, interest and taxes, in Q2 2019, a more than 60% jump on Q1 2019 cash from operations of US\$36.7mm, and compared to US\$0.1mm for the same quarter a year ago. Cash generated from operations over the six-month period to June 30, 2019 was US\$96.4mm compared to a net outflow of US\$0.3mm for H1 2018;
- Average price realisations of US\$71.70/bbl, an increase of 6% over Q1 2019. Differentials at Montara and Stag continue to improve, with the latest liftings achieving total differentials to Dated Brent of US\$4.32/bbl and US\$10.60/bbl respectively;
- Operating costs of US\$21.74/bbl, excluding non-routine opex, including the Montara riserless light well intervention (RLWI), decreased by 9% from the prior quarter of US\$23.75/bbl, and down 34% from the same quarter a year ago of US\$32.70/boe;
- Quarterly profit after tax of US\$22.6mm, nearly a three-fold increase over Q1 2019 profit of US\$8.4mm, and versus a loss of US\$4.9mm in Q2 2018. Profit after tax for the six-month period to June 30, 2019 was US\$30.9mm, compared to a loss of US\$21.5mm for H1 2018;
- Gross debt of US\$73.4mm, reduced from US\$86.6mm at end March 2019, as the Company continues to pay down its reserve-based lending facility; and
- Gross cash and bank balances of US\$66.4mm, excluding US\$10.0mm cash deposited in support of a bank guarantee, resulting in a net debt position of US\$7.0mm. Inclusive of restricted cash, the Company is in a net cash position.

## Operational highlights

- Ongoing safe operations at all assets, with the Stag production facility achieving nearly seven years without a lost time injury<sup>1</sup>;
- Montara uptime was 82% in Q2<sup>2</sup>, down slightly from 85% in Q1 due mainly to weather-related downtime in April, but materially ahead of the same period in 2018;
- Production for the quarter averaged 13,315 bbls/d, decreased 8% from production reported for the March 2019 quarter<sup>3</sup>, due to planned downtime associated with commencement of the RLWI programme at Montara and weather, but nearly a four-fold increase over the same period a year ago;
- Achieved three production liftings during the quarter, setting a new record of 1.6mm bbls sold, or a total of 2.3mm bbls for the six-month period to June 30, 2019, which compares to 0.6mm boe for H1 2018;
- Completed drilling the Stag 49H infill well, which targeted 1.2mm bbls of reserves, and was brought on production in late May at a rate of 1,400 bbls/d. 49H is continuing to produce in line with expectations;
- Completed the RLWI programme at Montara. This innovative programme, which would otherwise have required a significantly more expensive rig-based intervention, was completed on budget in mid-August, with all three accessed wells now contributing to the complex's production;
- Signed a heads of agreement (HoA) for the Nam Du/U Minh project gas sales and purchase agreement between Petrovietnam and the Company's wholly owned Vietnamese subsidiaries in April, 2019;
- Submitted the environmental impact assessment for the Nam Du/U Minh development project;

- Completed front end engineering design (&#8220;FEED&#8221;) studies for the Nam Du/U Minh development project&#8217;s offshore facilities and pipelines; and
- Finally, the Company&#8217;s safety case for the Montara assets was accepted by Australia&#8217;s offshore safety and environmental regulator, and operatorship of the asset was transferred to Jadestone on August 6, 2019.

## Outlook

- Group production in the second half of the year will continue benefitting from the Stag 49H infill well, in addition to the successful RLWI programme at Montara, and continued optimisation of production operations across the business;
- Full year average group production guidance is reconfirmed at 13,500 - 14,500 bbls/d, within the larger range set out in Q1 2019;
- Opex guidance for the full year is maintained at US\$21- 24/bbl, reflecting an acceleration in opex reduction initiatives at Montara, following the transfer of operatorship;
- Full year major spend remains on budget with the exception of the first infill well at Montara, where the tightening rig market in Australia will likely push the H6 infill well into H1 2020. This results in a reduction in full year major spend to within a range of US\$73-88mm, but does not impact production guidance for this year;
- Award recommendations for the Nam Du/U Minh offshore facilities engineering, procurement, and construction contract and floating production, storage, and offload vessel contract are expected in Q3 2019;
- The Nam Du/U Minh field development plan is scheduled to be submitted to Petrovietnam and the Vietnam Government for approval, in late Q3 2019, leading to anticipated approval and final investment decision by end of 2019, as planned;
- Continuing positive discussions with Pertamina and Indonesian regulators relating to the Company re-establishing an interest in the Ogan Komering asset, with timing driven by Indonesian regulatory processes; and
- With Montara transition completed we are now starting to consider further inorganic opportunities to broaden the base, provide accretive value and grow the business, and subject to the Company&#8217;s strict evaluation criteria.

<sup>1</sup> Lost time reporting for Montara will commence in Q3, post transfer of operatorship on August 6, 2019

<sup>2</sup> After excluding downtime due to well interventions

<sup>3</sup> Montara production averaged across the period Jan 11, 2019 to Mar 31, 2019, equivalent to Group production of 13,059 bbls/d if averaged across the full 90 days of Q1 2019

Paul Blakeley, President and CEO commented:

&#8220;I&#8217;m very pleased to report Jadestone&#8217;s results to June 30, 2019, with record quarterly revenue, profits and cash generation, and providing almost US\$100 million cash from operations for the first half of the year. We are building a material business that is strongly cash flow generative, while providing growth through organic investment, both within our existing producing assets in Australia, as well as the new gas developments in Vietnam.

&#8220;In Australia, we successfully completed the Stag 49H infill well, which came on production at 1,400 bbls/d in May and continues to produce in line with expectations. At Montara, we completed an innovative subsea well intervention campaign which has successfully restored gas lift to key subsea wells and accessed additional reservoir sands. Importantly, all work at Montara is now being conducted with Jadestone as operator, following our safety case acceptance earlier this month by Australia&#8217;s upstream regulator. This is an arduous process in one of the world&#8217;s most highly regulated regimes and I have absolute confidence in our team&#8217;s ability to uphold our high standards with regards to health, safety, and environmental stewardship in our operations.

&#8220;In addition, we&#8217;re continuing to make good progress with our gas commercialisation in Vietnam, with acceptance of our environmental impact assessment for the Nam Du/U Minh development, and completion of front end engineering and design work for offshore facilities and pipelines. We&#8217;re

also advancing contracts for major project components and commercial gas sales negotiations, leading towards field development plan submission in late Q3 2019, and continue to work towards formal development sanction later this year.

Our balance sheet is in excellent shape, with net debt effectively eliminated by mid-year, just nine months since we closed the Montara acquisition with a US\$120 million RBL financing arrangement. 2019 is a transformational year for Jadestone and our forecast remains intact for organic cash flow to meet all ongoing re-investment plans, as well as generating distributable earnings for shareholders in the future.&#8221;

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